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New Cooperation Agreements Approved Before Summit

MK0308113095 Moscow SEGODNYA in Russian 2 Aug 95 p 2

[Report by Elmar Murtazayev: "CIS Countries Intend To Restore 'Soviet Construction Might.' Agreement on 'Creation of Research and Technological Zone' Is To Be Considered at the Summit Meeting"]

[FBIS Translated Excerpt] Agreements "On the Creation of a Common Research and Technological Zone" and "On the Main Principles of Organizing Cooperation Between CIS States" when constructing facilities in third countries were considered yesterday by Commonwealth representatives at a session of the Interstate Committee on the Economy (MEK). The participants in the MEK session decided to submit the common research and technical zone concept to the heads of governments for signing in November. [passage omitted]

Following the research problems, the MEK participants got down to a draft agreement submitted by Yevgeniy Galygin, the Economic Cooperation Ministry Coordination Department head, which defines the forms of economic cooperation for CIS states when constructing facilities in third countries. The draft was drawn up by a group of experts from the Economic Cooperation Ministry and Foreign Economic Relations Ministry with the participation of the Finance Ministry, Economics Ministry, and Construction Ministry. Mr. Galygin said that for the four years of their separate existence, the former USSR countries have reduced the amount of their construction outside the CIS by a factor of four: Total hard currency earnings for the construction of various facilities dropped from $4 billion in 1990 to 1 billion in 1994. According to the department head, the signing of this agreement is especially important for Russia, Ukraine, Belarus, and Kazakhstan, which, respectively, had been responsible for 70, 15, 6, and 4 percent of all construction work in the former USSR. Nevertheless, according to the estimates of Cooperation Ministry experts, the CIS countries have considerable possibilities for restoring Soviet construction might. Among these possibilities, Mr. Galygin cited, first of all, maintenance and reconstruction of facilities that have already been built abroad. The total amount of the facilities was assessed by the department head as "several thousand." Having found the argumentation convincing, the CIS representatives decided to approve the agreement without placing it on the agenda of the summit meeting, as the authority of the MEK was considered sufficient.

INTERFAX 'Exclusive' Report for Aug

LD0308180895 Moscow INTERFAX in English 1721 GMT 3 Aug 95

["Exclusive" report No. 31 (132) of August 1995]

[FBIS Transcribed Text]

GENERAL PRUDNIKOV OUTLINES THE STATUS OF AIR DEFENSE IN CIS

Colonel General Viktor Prudnikov was appointed to chair the coordinating committee of the CIS Joint Air Defense System by the Almaty summit held on February 10, 1995.

As the Soviet Union disintegrated, the Soviet air defense system, once regarded as one of the most reliable in the world, ceased to exist. The air defense of the post-Soviet republics has a good chance of recovery now that the former Soviet republics are coming closer together.

Viktor Prudnikov is interviewed by INTERFAX's Vitaliy Dzhibutiy.

INTERFAX: What is the potential for restoring the air defense structures in the republics where you went on working visits?

PRUDNIKOV: Once the CIS heads of state decided to set up a joint system, the republican commanders of air defense units and of air defense air force and myself worked out various documents aimed at a merger of the national systems.

Following that numerous steps were planned, notably my visits to Commonwealth member nations.

I have been to every CIS member nation that has signed the agreement on the setting up of a joint system. I reported back to the heads of states directly or through defense minsters on what has to be done to set up and improve the system. My suggestions were approved or amended.

Every party to the agreement presented its view of the system and its participation in it.

I reported on the status of the work to set up a joint system to the Minsk summit of the Commonwealth on May 26. The CIS leaders endorsed my activities and decided to have documents drafted which would provide financial and logistic support for the system.

Q.: Why should such documents be drafted?

A.: In the light of the financial problems facing CIS member states we had to secure certain benefits such as duty-free movement of weapon systems throughout the CIS to keep the air defense system operational.

Legislation of certain countries has to be amended so as to enable the movement of such cargo and personnel to man the air defense hardware.

This work proceeds as planned and we are confident that we are doing a useful work.

Q.: What CIS member states have signed the agreement on the setting up of a joint system?

A.: It was signed by Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan. Russia, Ukraine and Uzbekistan. Turkmenistan wants to develop bilateral cooperation in the field of air defense. Only Azerbaijan and Moldova did not join the agreement.

Nevertheless, the Moldovan Defense Ministry has recently decided to consider again the possibility of sharing in the joint system and Chisinau will sign the document.

Turkmenistan will hopefully take a more favorable view of multilateral agreements and join the system.

Q.: Is there any chance of Baku joining the agreement?

A.: We are trying to resolve this issue with due regard for Azerbaijan's interests.

I expect to see President Heydar Aliyev. This meeting has been essentially agreed on.

I am prepared to tell him about what has been done to set up the joint system and discuss with him the possibility of Azerbaijan joining it.

In Soviet times powerful air defense assets were deployed in Azerbaijan. A large electronic unit of a system designed to provide early warning of a missile attack is also deployed there.

For this reason Azerbaijan has a better potential than other Transcaucasian republics to monitor the air space.

Q.: Why did the USSR deploy powerful air defense system in Azerbaijan rather than anywhere else?

A.: Where the border with a neighboring country is in the sea the air defense system are deployed along the coastline and the sea areas are continuously surveyed.

For this reason most parts of the system were deployed on the Caspian coast. In Soviet time the air defense district command was headquartered there.

Q.: Following the collapse of the USSR the Soviet air defense system fell apart. To what extent is the CIS air defense system effective?

A.: The decision to set up a joint system was made only in 1995 and so it would be premature to evaluate it.

Q.: How much time will be needed to set up the core of the system?

A.: It is already in place, it has been even after the break up of the USSR.

In the countries where it has not been destroyed the air defense hardware has integrated into the joint system. The hardware has been preserved in most countries and they keep the air space under surveillance. In others, especially in Transcaucasia where war was raging, the air defense system has been thoroughly destroyed.

Air defense hardware is destroyed by attrition in those CIS member nations where the national governments failed to protect them, chiefly because of shortage of funds or of skilled personnel.

Q.: Would it be true to say that the joint system is operational now?

A.: Yes. I have commanded numerous staff exercises during which we exchanged data on the air space in various parts of the CIS and tackled tactical tasks.

I would not say that the exercises were very sophisticated but they were sufficient for the present level of relations within the system.

Q.: Are more elaborate exercises planned?

A.: At the end of the year I want to stage a tactical exercise to determine the preparedness of the entire air defense system.

Its ability to keep the air borders of the Commonwealth and to influence the situation, if necessary, will be checked.

If the exercise is a success, I will report to the Commonwealth heads of states that the system has been set up and is operational but needs further improvement. This will be the next stage.

Q.: You could see for yourself the preparedness of national air defense units in the CIS member nations. Where is the air space under the most reliable control?

A.: The air borders are under complete control in the west, in Russia, Belarus and Ukraine which have maintained their radar systems.

The situation is worse in Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

As I said, the devastation was complete in Transcaucasia. For this reason we plan to sent help there as a first priority. Air defense hardware will be moved there and personnel will be trained to operate it.

ITAR-TASS Carries Press Review for 4 Aug

LD0408074695 Moscow ITAR-TASS in English 0644 GMT 4 Aug 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW, Aug 4 (ITAR-TASS) — IZVESTIYA on preparation for elections in Russia.

The newspaper begins to analyse election campaign promises which candidates running for the State Duma make to their constituents. The first article deals with Liberal Democratic Party leader Vladimir Zhirinovskiy who has made a tour of Kuban Territory.

ROSSIYSKAYA GAZETA on the publicity aspect of the forthcoming elections.

While pointing out that a one hour airtime slot is to be given by state-run networks to candidates, blocs, and associations free of charge, whereas extra time will be given for a fee. The cost of one minute of airtime on state-run television fluctuates between 1.2 and 2.7 million rubles.

TRUD asserts that "President Yeltsin has issued an edict abolishing the Human Rights Commission headed by Sergey Kovalyov. It seems that the Kremlin days of the president and his diligent aides are running out," the newspaper's political news analyst Yuri Lepskiy comments. "This began at the moment when they decided that human rights in Russia are the rights of the individual in an armour-plated ZIL limousine and in Kremlin offices."

KOMSOMOLSKAYA PRAVDA, in response to an enquiry sent to the presidential press service about an edict ostensibly issued by the president to abolish the Human Rights Commission, has been told by a press service spokesman that all talk about the signing of the abovementioned edict was just "rumors and games."

KOMSOMOLSKAYA PRAVDA on Central Bank chief candidacy.

The newspaper reports that the candidacy of Tatyana Paramonova for the post of the head of the Central Bank of the Russian Federation is to be presented to the State Duma again in September. "That the moment of discussion of the candidacy is delayed is quite explainable," the newspaper points out. Referring to unnamed Central Bank experts, the newspaper emphasizes that "at present, in this state-run establishment, there is simply no realistic candidate for the top position".

PRAVDA carries an exclusive interview with Vyacheslav Mikhaylov, leader of the Russian delegation at the talks in Grozny and Minister for Ethnic Affairs and Regional Policy, who has stated that "Dudayev has virtually tried to frustrate the (Russo-Chechen) talks." Mikhaylov does not rule out the possibility that "the 'intransigent' Dudayev militants will change to new tactics — those of provocation and the seizure of power in individual populated areas in contravention of the agreements reached and for the frustration of accords on the disarmament of unlawful armed formations".

PRAVDA runs an article by Ivan Zhagel under the headline "The New Adventures of the U.S. Dollar in Russia" about the worries of a widely representative delegation of U.S. financiers who have had a meeting with leading Russian bankers in Moscow.

Since the U.S. will begin to print new 100-dollar banknotes in 1996 to replace the old ones, the financiers fear that panic and unfair conduct of banks with respect to clients will ensue in Russia. Besides, they intend to discuss possible measures with the Russian Interior Ministry against money forgers who, availing themselves of the replacement of banknotes, may make Russia a place for dumping their fake 'greenbacks'.

KRASNAYA ZVEZDA on the incidence of death sentences in Russia.

Three to four death sentences are carried out in Russia within a year, the newspaper reports. Maniac Chikatilo, who was executed by firing squad under a court sentence, was the only executee in 1994. "Previously", the number of sentences sometimes reached 400, according to the official data of the Russian Interior Ministry.

Life imprisonment was introduced in Russia about three years ago. Those convicted will serve it in the only such prison, called Bely Lebed (white swan). The Interior Ministry plans to open another two such prisons.

Kozyrev Warns Against Croation 'Strong-Arm Methods'

LD0408112795 Moscow ITAR-TASS World Service in Russian 1014 GMT 4 Aug 95

[By ITAR-TASS diplomatic correspondent Andrey Kirillov]

[FBIS Translated Text] Moscow, 4 Aug (ITAR-TASS) — Russian Foreign Minister Andrey Kozyrev today spoke against using military methods of any kind in solving the present situation in the former Yugoslavia and called for seeking a peaceful solution to the conflict.

"The only existing solution is by political means. Military measures, taken by whatever side, will only lead to escalation of the conflict and a deterioration in the situation. It can be said without any hesitation that this applies to the Croatian offensive", Andrey Kozyrev said after his meeting with Pranab Mukherjee, Indian minister of external affairs, which took place at the Russian Ministry of Foreign Affairs mansion in Spiridonovka.

"It is particularly tragic that the strong-arm methods being applied by Croatia are being discussed now by some states outside the conflict in conditions where there is a clear political alternative," the Russian minister said. As regards Croatia, he continued, "Literally the other day, encouraging talks took place in Geneva with UN mediation between Knin and Zagreb which are opening up a political perspective".

"The same can also be said about Bosnia. There is the Bildt Plan, which is opening up a real political opportunity to start changing the situation in a positive direction," Andrey Kozyrev pointed out.

The Russian foreign minister expressed concern because of the fact that these political opportunities are being postponed and adoption of the Bildt and "contact group" plan "is being delayed for no intelligible reason."

"At the same time, haste is being displayed with military methods. And I must say that everyone who encourages military methods, and in particular the current actions by the Croatian Armed Forces now, assumes a heavy responsibility for the consequences, unpredictable and rather predictable, of bloodshed and widening of the conflict, which could follow this," Andrey Kozyrev stressed.

Foreign Ministry Condemns Croatian 'Attack'

LD0408111095 Moscow ITAR-TASS in English 1055 GMT 4 Aug 95

[By Andrey Urban]

[FBIS Transcribed Text] MOSCOW August 4 (Itar-Tass) — "The Russian side considers it utterly essential to ensure an immediate end to large-scale combat operations launched by Croatia in the Serbian Krajina on Friday and, at last, start serious political talks between Zagreb and Knin on the strength of proposals made in Geneva by International Mediators," said a Russian Foreign Ministry statement which has been made available to Itar-Tass.

"According to existing information, on August 4, the armed forces of the Republic of Croatia launched a large-scale offensive operation against the U.N.-protected Serb-populated areas known as the Serbian Krajina. The main attack is being delivered against Knin, the centre of the regions.

"The talks held between representatives of the Croatian government and the Krajina in Geneva on August 3 provided the sides involved in the conflict with a realistic opportunity to achieve compromise solutions that would have opened the way for a political settlement for the conflict.

"To our deep regret, the Croatian side, having taken a hardline stance, did not manifest readiness for the elaboration of accords. A conclusion suggests itself that Zagreb was already intent on the search for a purely military solution, not a political one," the statement said.

"We reject such a choice by the Croatian leadership. The Croatian side has violated a number of U.N. Security Council resolutions and ignored the direct appeal by the U.N. Secretary-General to refrain from military actions. A blow has been dealt on all international community efforts aimed at settling both the Croatian and Bosnian conflicts," the statement points out.

"No bilateral military or political understandings between Zagreb and Sarajevo may serve as a ground or justification for Croatia's intervention in the internal conflict in Bosnia-Herzegovina, on the territory of which, besides, the U.N. peace-keeping operation is under way.

"Against this background, the restraint shown by Belgrade and its striving not only to avoid being drawn into the current military operations in Croatia and Bosnia-Herzegovina but also to promote a negotiated settlement of the crises in these states, merits a high appraisal.

"Those countries which regard themselves as Croatia's friends must make Zagreb abandon the policy course directed towards a military solution to the Krajina problem, since the Croatian side bears quite a considerable share of responsibility for the emergence of this problem.

"A further continuation of strongarm actions by Croatia in the Serb-populated areas on its territory may lead to a radical change in the nature of contacts throughout the former Yugoslavia and have such consequences which have not been foreseen either in Zagreb or those capitals which, despite feeble protests, actually solidarised with the military action of the Croatian side," the Russian Foreign Ministry statement emphasises.

Foreign Ministry Spokesman Views Bosnia Situation

Backs UN Appeal to Warring Sides

LD0308181395 Moscow INTERFAX in English 1617 GMT 3 Aug 95

[By diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 3 (Interfax) — Russia "fully backs and upholds with its authority" the appeal by U.N. secretary General Butrus Butrus-Ghali made in light of "military escalation in Croatia", the Russian Foreign Ministry spokesman, Mikhail Demurin, told a briefing in Moscow today.

Demurin said the U.N. secretary general urges the parties involved in the conflict in Croatia "to stop and think of the choices they face."

Butrus Butrus-Ghali said war in Croatia "which is not inevitable, would result in huge human and material losses and would not resolve the conflict," said Demurin.

The U.N. secretary general said on the behalf of the international community that the U.N. is ready to help the sides reach an agreement.

Demurin said it was high time to finally break "the vicious circle of iron and blood" and make the conflicting parties negotiate.

"Cannons will fall silent and it will become possible to settle any political discord whatever insurmountable it seems. If we fail to do this now by joint efforts, big war in the Balkans will be inevitable," Demurin said.

Hails Krajina Serb, Croatian Talks

LD0308171695 Moscow INTERFAX in English 1617 GMT 3 Aug 95

[By diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others; from the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] MOSCOW, Aug 3 (Interfax) — Russia welcomes the talks between representatives of the Croatian government and Krajina Serbs which began in Geneva (Switzerland) today, the Russian Foreign Ministry's spokesman Mikhail Demurin told a briefing in Moscow today.

The talks will focus on settlement of the conflict concerning Serb Krajina (a self-proclaimed republic on Croatian territory - IF).

Demurin voiced the hope that the sides would manage to find mutually acceptable political solutions to the problems regarding stabilization of the situation and the easing of tensions.

Demurin said Moscow was following developments in former Yugoslavia with special concern. He said Moscow was concerned about the deterioration of the situation in a number of ex-Yugoslavia regions, threatening with escalation of fighting.

"The reports from the region prove that in addition to the extremely complicated situation in Bosnia and Herzegovina a disturbing situation is also appearing on the border between Bosnia and Croatia because of actions of the Croatian government troops threatening with an offense on Knin, the capital of Krajina Serbs," he said.

Demurin said Russia "has repeatedly underlined its firm position in favor of searching for a peace settlement to conflicts and preferring talks to the use of force.

A high-ranking Russian diplomat told Interfax in an interview today that Moscow "can only welcome the consent of Zagreb and Knin to begin talks."

However, he said he feared that the negotiators might try to use the talks as a cover for concealing military preparations.

The diplomat said the unleashing of war on Croatian territory would have the most serious repercussions for the entire former Yugoslavia.

He said Zagreb was tempted to make the best use of the present situation when "the hands of Serbs are tied" and Zagreb itself "enjoys support from some members of the UN Security Council" and try to secure its positions with the help of weapons.

The diplomat said that, nevertheless, the Croatian leaders understood that Croatia would have to live together with Serbs in this or that fashion and thus the use of force could not resolve the problem regarding Serb Krajina's integration with the republic.

He said good relations and cooperation with Belgrade might help Zagreb to achieve this.

The diplomat said it was a too simplified opinion that Croatia and the United Republic of Yugoslavia "are in conflict a priori." He said none of the sides wanted to "burn the bridges completely." He said that in post-confrontation Yugoslavia Belgrade and Zagreb would become the center around which other republics would "integrate with each other."

With regards to some media reports on an agreement between Tehran and Zagreb concerning the use of Croatian territory as a transit point for delivery of armaments to Bosnian Muslims, the diplomat said he doubted that this information was true. He said he hoped that Croatia would be wise enough not to get involved into the Bosnian conflict.

The diplomat said he believed that Bosnia "is of secondary importance" for Croatia. "The main task for Zagreb is to resolve the problem regarding Serb Krajina," he said.

Speaks Against Lifting Arms Embargo

LD0308164895 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 3 (Interfax) — Unilaterally lifting the embargo on arms sales to Bosnia would spell "the choice of power settlement methods," an official spokesman for the Russian Foreign Ministry, Mikhail Demurin, told a briefing in Moscow Thursday.

According to Demurin, this step "would have been likely to spread the conflict and involve new sides in it."

Demurin said that "now it is important to support as much as we can those who are ready to sit at the negotiation table, ready and already supported the internationally-accepted settlement plan, who can and want to promote a political settlement using their weight."

Reaffirms Opposition to Air Strikes

LD0308163895 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 3 (Interfax) — Russia opposes launching air strikes in Bosnia, Foreign Ministry spokesman Mikhail Demurin told a briefing in Moscow Thursday.

He said that Moscow "would not like to work out either a plan of air strikes or any other" use of force. Air strikes have more than once led to mounting tensions in Bosnia, he said.

However, if the decisions to use NATO air power to protect "safe areas" in Bosnia are taken, "the approach must be impartial," said Demurin.

"All conflicting parties must feel their responsibility for preserving the status of safe areas in Bosnia," he said stressing that there must be no "double standards."

Contact Group on Bosnia, OIC May Meet 'Next Week'

LD0308164195 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, August 3 (Interfax) — A conference of experts representing the international Contact Group on Bosnia and a Contact Group of the Islamic Conference Organization [OIC] could be held next week, a source in the Russian Foreign Ministry told Interfax.

The idea for such a conference was first put forward by Moslem countries.

The diplomat said that Russia supports this initiative.

"We want more understanding with the Islamic world on the Yugoslav crisis. The meeting could improve the somewhat distorted image of Russia in OIC member nations," the diplomat explained.

In his view, "people in numerous Moslem states believe erroneously that Moscow supports only Serbs."

"What we really work for is a comprehensive solution in the Balkans. Russia does not need enemies in former Yugoslavia," the diplomat emphasized.

Russia, the U.S., France, Britain and Germany are members of the Contact Group.

U.S. Development of ABM System May Affect Arms Cuts

LD0408084795 Moscow ITAR-TASS in English 0811 GMT 4 Aug 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, August 4 (Itar-Tass) — The development of a new anti-ballistic missile (ABM) system in the United States may prompt Russia to reconsider its obligations concerning nuclear arms cuts, Anton Surikov, adviser at the Institute for Defence Studies, told Itar-Tass on Friday.

Commenting on the U.S. Senate decision taken on Wednesday considerably to increase appropriations in the forthcoming fiscal year for ABM development efforts, Surikov emphasised that such a turn of events "prompts our country to refrain from ratifying the START-2 Treaty and reconsider some provisions under the START-1 one."

The U.S. plans to develop a "theatre ABM system" and in this connection change the 1972 ABM Treaty provisions are, in the expert's view, yet another attempt to push through Ronald Reagan's old-standing Strategic Defence Initiative idea. This poses a threat to strategic stability in the world and, specifically, provokes China and other "small nuclear countries" to build-up their nuclear missile forces.

Russia should not agree to the introduction of any changes to the text of the Treaty, changes which could provide ABM tactical systems with characteristics which would make it possible to use them for the purposes of strategic ABM defence.

Surikov is of the opinion that the Russian parliament has every right to state that any changes or addenda to the 1972 ABM Treaty should go through a ratification procedure in Russia's Federal Assembly without fail.

Kozyrev Praises Kuwaiti Relations, Departs

LD0308133395 Moscow ITAR-TASS in English 1236 GMT 3 Aug 95

[By Viktor Lebedev and Viktor Khrekov]

[FBIS Transcribed Text] KUWAIT August 3 (Itar-Tass) — A Russian delegation, led by Foreign Minister Andrey Kozyrev, left here by air for Moscow on Thursday at the close of a one-day working visit to Kuwait.

During the visit, the two sides discussed ways for further development of Russo-Kuwaiti relations, which follow an upward trend, and considered prospects for the establishment of a reliable security system in the Gulf area.

In his remarks at Kuwait airport, the Russian Minister on Thursday announced a forthcoming big meeting between Russian and Kuwaiti officials and businessmen who will work out matters concerning cooperation in the sphere of investments, the introduction of Russian commodities to Kuwait, and the founding of a joint banking consortium.

Jabir Al-Ahmad Al-Jabir Al-Sabah, the Emir of Kuwait, during a meeting with Kozyrev on Wednesday, expressed concrete proposals concerning a programme for joint actions in the economic sphere. "The kind sentiments which President Boris Yeltsin and Shaykh Jabir al-Sabah entertain towards each other are the basis and a good earnest of friendly bilateral cooperation," the Russian Minister said upon delivering a personal message from the Russian President to the Emir of Kuwait.

Russia "regards itself as one of guarantors of peace and stability in the Gulf area. We are prepared to contribute to strengthening the defence capacity and security of Kuwait so that this State would not become a target for an armed attack ever again," Kozyrev has told journalists.

The Russian Minister declared in favour of carrying through all world community-taken measures concerning Iraq so that the line could be drawn at the tragedy which happened five years ago as a result of the Iraqi aggression against the Emirate.

Gulf security can be strong only after all U.N. Security Council resolutions on Iraq be implemented in full. Russia will continue efforts towards the accomplishment of this task, including possibilities for working with Baghdad and promoting clarification of the fate of Kuwaiti prisoners of war, Kozyrev said.

Talks on Black Sea Fleet Status With Ukraine End

Krylov: Talks 'Very Positive'

LD0308191095 Moscow INTERFAX in English 1743 GMT 3 Aug 95

["INTERFAX-UKRAINE" news item]

[FBIS Transcribed Text] MOSCOW, Aug 3 (Interfax) — Russian Deputy Foreign Minister Sergey Krylov described as very positive the results of two days of consultations on the division of the Black Sea Fleet that ended in Moscow Thursday night between Russian and Ukrainian experts.

He headed the Russian team at the meeting in which the two sides worked on agreements on the division of the Black Sea Fleet and the status of the Russian Black Sea Fleet in Ukraine.

The Ukrainian team was headed by Krylov's counterpart Nikolay Grishchenko.

Krylov told Interfax Thursday that the constructive and useful work had resulted in agreeing on numerous provisions of the documents.

We have something to show to our governments for our work, he emphasized.

Krylov admitted that not all the differences have been settled. "Certain issues call for more thinking and decision-making," he explained.

Asked whether Russian and Ukrainian Prime Ministers Viktor Chernomyrdin and Yevheniy Marchuk will be able to meet soon, Krylov said: "I believe that they will meet shortly."

Krylov also said that the latest proposals on the division of the fleet that he had brought to Kiev on instructions from Russian President Boris Yeltsin were received "very well, with understanding" there.

"We discussed these documents in Kiev last Friday and Saturday and in Moscow. This is ample proof that our proposals evoked the response we expected," he emphasized.

Interfax earlier reported that Russia had offered new drafts of appendices to the agreements on the Black Sea Fleet. In particular, Russia wants its Black Sea Fleet to have the main base and command post in Sevastopol and minor bases in Feodosiya and Kerch while Ukraine would have bases in Balaklava, a suburb of Sevastopol, and Donuzlav, 140 kilometers northwest of Sevastopol where an alternative command post is headquartered.

No Agreement, No Date for More Talks

LD0308164995 Kiev UNIAR in Ukrainian 1530 GMT 3 Aug 95

[FBIS Translated Excerpt] Moscow — Consultations between Russian and Ukrainian Government experts on the division of the Black Sea Fleet [BSF] are under way in the Russian Federation. Yesterday, work continued until midnight. Ukrainian negotiators have now left for Kiev, with Ukrainian Deputy Foreign Minister Kostyantyn Hryshchenko staying behind for negotiations today and departing afterwards for Almaty. Our correspondent reports that the sides declined any comment. No agreement has been reached on any document on the BSF and no date has been appointed for the next meeting. [passage omitted]

As has become known from well-informed sources, yesterday the sides failed to agree on the basing of two fleets. The Russian Federation was insistent that the main base and headquarters of its BSF should be in Sevastopol and the sites of the fleet's deployment in Kerch and Feodosiya. It was suggested that Ukraine should base its fleet in Balaklava and Donuzlav. Moscow has also stated that it wishes to use, until 1996, the airfield at Gvardeyskoye near Bakhchisaray and another at Oktyabrskoye and make use of existing deployment sites of the BSF's coastal divisions until these are disbanded. [passage omitted]

Trade, Economic Agreement Signed With Kazakhstan

MK0308112295 Moscow DELOVOY MIR in Russian 3 Aug 95 p 1

[ANI report: "Agreement on Cooperation Has Been Signed"]

[FBIS Translated Text] An agreement on the main principles of trade and economic cooperation between Russia and Kazakhstan in 1995 was signed in Moscow on 29 July, according to information given on Tuesday to the Oil Information Agency [ANI] by the Russian Federation Ministry on Cooperation with the CIS Countries.

The draft agreement was approved by both countries' governments in late June.

As follows from this document, trade and economic cooperation between the two countries "will be based on principles of equality" and implemented by way of direct agreements between economic entities. Payments between them will be effected at negotiated prices or those established by separate intergovernmental agreements.

The agreement obliges the parties "to avoid using non-rate regulation management practices for the exchange of goods." Exceptions to this rule, as the document says, are products exported in accordance with international obligations or those subject to a "special export procedure."

The document envisions the setting up and functioning of joint ventures, interstate, and transnational companies.

In addition, the parties to the agreement should ensure preferential terms for transportation of passengers and cargo. The same applies also to the use of all transportation means for deliveries of oil, gas, and electrical energy.

In accordance with the agreement, in 1995 Russia will deliver to Kazakhstan 6.7 million tonnes of oil, 800,000 tonnes of gasoline, 1.2 million tonnes of diesel fuel, 1.7 billion cubic meters of natural gas, and oil production equipment worth about $450 million. For its part, Kazakhstan will export to Russia 7 million tonnes of oil, 4.2 billion cubic meters of gas, and 4 million tonnes of gas condensate.

According to a source, as of today Russia has signed agreements on trade and economic cooperation with all of the CIS countries, including Azerbaijan.

Deputy Foreign Minister Describes Arab Policy

MM0308143195 Moscow KRASNAYA ZVEZDA in Russian 3 Aug 95 p 3

[Report by Vadim Markushin: "Near East: Russian Foreign Ministry Changes Stance"]

[FBIS Translated Text] On the eve of Andrey Kozyrev's visit to Kuwait Deputy Foreign Minister Viktor Posuvalyuk summarized for journalists his view of Russia's' agenda in the Near East as a whole.

According to the well-known diplomat, the increasingly strong scent of dividends from the coming economic recovery is rendering this tricky but highly promising region increasingly appealing to foreign capital. For this reason the now-traditional campaign for influence is tightening up there. There are blatant attempts to oust Russia as a competitor, and Russia is for its part conducting a "thorough inventory of achievement," taking up a "stable, comfortable position" and developing an increasingly confident Near East policy. Albeit not an entirely successful one.

Touching on bilateral relations with certain states in the region, Posuvalyuk pointed to "reassuring trends." Thus he sees good prospects for rapprochement with Kuwait, relations with which are the "benchmark" among the Gulf countries for us. Russia is doing more work than others to normalize Kuwait's relations with Iraq, resolve the problems of Kuwaiti POW's and MIA's in Iraq, and promote the recovery of Kuwaiti property.

Consultations in Baghdad are proceeding consistently. Moscow is acting here, according to the deputy minister, "not out of base, opportunistic considerations" but with the prospect of there coming a time when Iraq will emerge from isolation and will once again become a full-fledged economic partner. There is a real possibility of Iraq's repaying its debts to Russia, but this problem is being "held up by the international sanctions" against Baghdad. While complying with the UN resolution, Russia is at the same time calling for an adequate response to the positive efforts that Iraq is demonstrating to the rest of the world. According to Posuvalyuk, it is now quite clear that Iraq's "disarmament file" is close to being closed. And work on the "biological file" is proceeding in the same direction.

Speaking about relations with Egypt, the spokesman for the Foreign Ministry leadership said that the losses of the last 20 years have begun to be restored. Including the losses in military cooperation. This was illustrated by Russian Deputy Defense Minster Andrey Kokoshin's recent successful trip to Cairo.

Viktor Posuvalyuk declared Moscow's interest in preserving a Russian presence in Algeria — a country with which Russia has always had beneficial cooperation. He also noted "positive elements" in the policy espoused by Libya, which is now refusing to support international terrorism.

Touching on the Yugoslavia problem in connection with the Islamic countries' position, the deputy foreign minister said that Smolensk Square supports the idea of joint work by the international Contact Group and the Organization of the Islamic Conference contact Group.

Russia To Attend Conference on ROK's Nuclear Program

LD0308205095 Moscow ITAR-TASS in English 2024 GMT 3 Aug 95

[By Andrey Bychkov and Stanislav Bychkov]

[FBIS Transcribed Text] BANDAR SERI BEGAWAN (SULTANATE OF BRUNEI), August 3 (Itar-Tass) — Russia intends to participate as observer in the conference of the organisation for promoting the development of power engineering in South Korea which will open in New York in late August, Aleksandr Panov, Deputy Foreign Minister of the Russian Federation, told Itar-Tass here today.

This organization is an international consortium, and is called upon to reorganize the nuclear program of South Korea which, as Western experts fear, has a military orientation.

South Korea "is highly appraising Russia's role" in the settlement of the nuclear problem on the Korean peninsula, South Korean Foreign Minister Kong Nomyong told Itar-Tass here today. The South Korean minister took part in international conferences under the auspices of the Association of South East Asian Nations (ASEAN) held in the capital of Brunei.

"Russia contributed and continues to make an important contribution to the settlement of the situation on the Korean peninsula," the minister noted.

The official Seoul regards Russia not only as a participant in the process of the normalization of the situation in South-East Asia, but also as a partner in ensuring stability and security of the entire Asian-Pacific region, he stressed.

The problem of the Korean peninsula was one of the central themes of the Brunei "week" held under ASEAN auspices. Countries of Asia, Europe and North America which took part in the conference, spoke for the resumption of a dialogue between the North Korea and South Korea.

Political Issues

Yeltsin Addresses Nation on Chechnya Situation

LD0308214895 Moscow Russian Public Television First Channel Network in Russian 1700 GMT 3 Aug 95

[Address by President Boris Yeltsin to the nation in Moscow on 3 August — recorded]

[FBIS Translated Text] Esteemed citizens of Russia, I am glad to meet you again thanks to our television.

An event of high importance has taken place in our country these days. The talks on the settlement in the Chechen republic have been crowned with their first success.

You know that such talks had commenced more than once. But every time they came to a dead-end, resulting in failure. But only now has a concrete result been achieved: An agreement on the package of military issues was signed.

All the peoples of Russia were waiting for it with hope and anxiety. For the first time in many months, a real opportunity emerged for the complete termination of hostilities and establishment of peace in Chechnya, and hence, in Russia.

This is the main condition for the revival of the republic, insuring safety for its citizens, and strengthening stability in the North Caucasus and Russia as a whole. This is above all because the agreement says a clear and distinct yes to the peaceful methods of settling disputes.

At present, it is necessary to organize the disarmament of all illegal armed formations. Such an order was issued by the Chechen side, and today our Internal Affairs bodies have begun the disarmament process. This will become the basis for the pull-out of Russian troops who have fulfilled their duties.

The agreement envisages that a brigade of interior troops of the Interior Ministry and a brigade of the Russian Federation Armed Forces will be permanently stationed on the territory of the Chechen republic.

An integral system of guarantees is elaborated for each stage of implementing the agreement. It is supported by the participation of a Special Observation Commission in this process. The commission will include authoritative religious figures, the elders authorized by teips [clans], international observers, and OSCE [Organization for Security and Cooperation in Europe] experts.

In accordance with the agreements reached, I will undoubtedly appoint as plenipotentiary presidential representative in the Chechen republic an experienced and knowing man, who can find the solution to many problems encountered by that region within a maximally short time.

The signatories to the agreement denounced terrorism and violence as anti-human actions. The Chechen delegation promised to render assistance in the pursuit and arrest of persons accused of perpetrating the act of terrorism in the city of Budennovsk. Our position in this sense is clear: To act in accordance with the international pacts on human rights.

World experience shows that practically any issue can be settled by means of talks, relying on the law, and goodwill. The attainment of an accord on the package of military issues in the Chechen crisis has once again confirmed this truth.

The signed agreement paves the way to holding free democratic elections on the Chechen soil. The Chechen republic, its population should have legitimate bodies of power. Representatives of Chechnya, as well as other Russian territories, should be included both in the Federation Council and the State Duma. I believe that at the upcoming elections, the residents of the Chechen republic will give their votes to the most worthy candidates.

You know that the decisions to use force in Chechnya were not made easily. I will be straight, they were very difficult. By that time peaceful means of resolving the crisis have been exhausted. However, force was to be used within the framework of the Russian Constitution and international law. This was my main demand, which was laid down in my order.

This line was adhered to on the whole. It was resolutely confirmed by the decision of the Constitutional Court of the Russian Federation about the legality and conformity of the edicts of the Russian president and resolutions of the government on the Chechen settlement with the Russian Constitution.

It is bitter to realize that the price that had to be paid for their implementation was very high. I bow my head before the memory of those who sacrificed their lives defending the basic values, without which the existence of any state is unthinkable.

I extend my condolences to families, relatives, and friends of dead Russian soldiers and officers, and civilians. Our duty is to provide all necessary assistance to the families of the dead, to orphaned children.

The crucial requirement now is to put the achieved agreement, all its provisions, in practice immediately. This equally depends on each of the signatories to the agreement. I hope that everybody understands how important it is to act simultaneously and consistently.

It is no secret that there are forces both in Chechnya and beyond its boundaries that are interested in continuing the stand-off. Our task is to curb them, using peaceful means. The progress of further talks and processes of revival of the Chechen republic within the Russian Federation will largely depend on this.

I am sure that mutually acceptable solutions to remaining problems may and must be found with reliance on the Constitution of the Russian Federation. The talks must be continued. Conditions for this have been created. The commission has begun its work.

Dear Russians, residents of the Chechen republic!

The peoples of the North Caucasus were always noted for wisdom and honoring their word. I have no doubt that the weighty word of eldermen at this historical moment will help avoid errors.

I call on all of you for peaceful and creative work.

The Russian president, the Federal Assembly, and the government are and will be taking every effort for the restoration of the economy and social sphere, and for rendering necessary help the to peoples of the Chechen Republic.

The road back to a peaceful life certainly will not be easy. But pooling our efforts we will extend the goodwill of our peoples.

Let us do it in order to leave to our children: not offense or hatred, not strife or mistrust, but mutual respect and good-neighborliness, unity, and friendship. By joint efforts we will be able to overcome the trials that fell to our lot.

I believe that peace and calmness will soon return to the land of Chechnya.

Yeltsin Postponement of CBR Head Nomination Viewed

Zadornov Says Yeltsin Breaking Law

LD0308170695 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, August 3 (INTERFAX) — State Duma Budget, Taxes, Banks and Finances Committee Chairman Mikhail Zadornov has described as a flagrant violation of the law the president's decision to put off nominating a new Central Bank of Russia chairman until after parliament's recess. "It is regrettable that the president, the guarantor of the Constitution and Russian legislation, openly breaks the law," Zadornov told journalists.

Zadornov believes that the vacation and absence of deputies is no excuse. "This implies that no legislation should be observed while the vacation lasts," he said.

Zadornov believes that an extraordinary session of the lower house could be held to vote on the CBR [Central Bank of Russia] chair or this issue could be discussed in party groups.

Zadornov said that acting CBR Chairman Tatyana Paramonova has been put "outside the legal framework" by the president's decision and is doing her job in defiance of CBR legislation.

The absence of a nominee for that position shows, Zadornov believes, that "the president and government are not unanimous on this issue."

Aide Defends Decision To Postpone

LD0308175295 Moscow INTERFAX in English 1526 GMT 3 Aug 95

[Report by Nikolay Zherebtsov and Andrey Petrovskiy; edited by Vladimir Shishlin; from the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Russian President Boris Yeltsin decided to postpone nominating the head of the Russia's Central Bank, the president's press service told INTERFAX Wednesday.

It said that the decision was taken because the State Duma, the lower house of parliament, is in its recess now and cannot discuss the issue.

"That is why Yeltsin believes that Tatyana Paramonova, who was appointed by a presidential decree, should continue as acting head of the Central Bank," said the press service.

Presidential aide Aleksandr Livshits believes that Tatyana Paramonova has every right to remain in control of the Central Bank. "Paramonova was appointed by the president and his decree is still in effect", Livshits said on Thursday.

Livshits said that decree furnished the legal basis for Paramonova's activity.

"The State Duma has voted to take a recess. Thereby the law-makers made it practically impossible to discuss candidates for the CBR president", Livshits said.

He believes that the delay will not affect in the negative way either the bank's activity, or the situation in the financial market in general. Livshits says Paramonova is a professional dedicated to the Central Bank and has the knack of running such a complicated establishment and cooperating with the government.

Livshits remarked that other likely candidates for that post have the same qualities.

Yeltsin on Referral of Securities Market Bill

MM0308144195 Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 p 1

[Unattributed report on President Yeltsin's letter to State Duma Chairman Rybkin: "President Says No. And Refers Back Law for Further Work"]

[FBIS Translated Text] According to the Russian Federation president's Press Service, B.N. Yeltsin yesterday rejected the federal law "On the Securities Market." The law was adopted by the State Duma 19 July and approved by the Federation Council 21 July this year.

In a letter sent to State Duma Chairman I.P. Rybkin in this connection, the Russian president justifies his decision and points out a number of shortcomings and contradictions contained in the law.

"The federal law 'On the Securities Market' does not fully accord with Part One of the Russian Federation Civil Code — not least as regards its definition of securities issues, the status of stock markets, the procedure for transferring ownership rights over securities, and the protection of the rights of securities owners.

"A number of the provisions of the federal law 'On the Securities Market' are dubiously structured and contain clear loopholes.

"Thus the federal law allows a single person to combine the functions of depositary (holder of the security), administrator of the security, and broker for the same security. This structure inevitably creates conditions for mass abuses in the securities market and violations of the rights of investors — primarily shareholders.

"Moreover, the federal law makes no provision for the possibility of demarcating functions and operations in the securities market by issuers of securities who are professional players in the securities market. The federal law effectively makes possible (and, therefore, legal!) a situation in which an issuer of securities could be a dealer — in other words, independently making a market (setting a price, and buying and selling at that given price) in his own securities. Given the level of social tension that has arisen in connection with the situation in the securities market, the introduction of such legal structures would finally undermine the population's confidence in the state's ability to regulate the securities market in a civilized fashion.

"The removal of state securities from regulation by the federal law 'On the Securities Market' is very dubious, particularly if it is borne in mind that securities issued by Russian Federation components are also state securities.

"Unfortunately, yet another attempt is being made to restrict the Russian Federation president's constitutional powers to shape federal executive organs. At the same time, both houses of the Federal Assembly and the Central Bank of the Russian Federation have been unconstitutionally involved in shaping the Federal Commission for the Securities Market as a federal executive organ.

"The structure of a Federal Commission for the Securities Market seems dubious in general. The commission, with five permanent (that is, active) members and the status of a federal ministry, is unlikely to be able to cope with the problems of the Russian securities market.

"Moreover, the federal law contains many technical and legal inaccuracies which must be eradicated if a normal legal base is to be provided for the securities market.

"Given this fact, I consider it necessary for further work to be done on the text of the federal law 'On the Securities Market,' with the involvement of representatives of the Russian Federation president, and for it to be passed before the powers of the current State Duma expire. My comments on the federal law 'On the Securities Market' article by article will be submitted in due course."

Yeltsin Again Rejects Agricultural Cooperative Law

LD0308160695 Moscow INTERFAX in English 1323 GMT 3 Aug 95

[FBIS Transcribed Text] Moscow, Aug 3 (INTERFAX) — President Boris Yeltsin has again rejected the law on agricultural cooperatives passed by the Federal Assembly, a spokesman for the Duma Committee for Agriculture told INTERFAX on Thursday.

The decision is motivated by, as it follows from Yeltsin's message to Duma Speaker Ivan Rybkin, the fact that the newly passed law fails to conform with certain provisions of Russia's Civil Code".

Chairman of the Duma Agricultural Committee's Subcommittee Vassiliy Vershinin described this reasoning as "standard", "virtually totally repeating the president's first reaction to the passage of the law".

Vershinin said that the law on agricultural cooperatives was first declined by the Russian president in May and later finalized by the Duma conciliatory commission headed by Deputy Chairman of the Russian State Property Committee Alfred Kokh. After the law was approved by the Federation Council it was again submitted to the president and again rejected by him.

The Duma Committee for Agriculture describes Yeltsin's decision as "unprecedented, not only in the Duma's practice, but also in the practice of the former Russian Supreme Soviet."

Law on Budget Adoption Procedure Published

MM0408111395 Moscow ROSSIYSKAYA GAZETA in Russian 4 Aug 95 p 6

[Russian Federation Federal Law No. 118 "On the Procedure for Examining and Approving the Federal Budget for 1996" adopted by the State Duma on 12 July, approved by the Federation Council on 21 July, and signed by Russian Federation President Boris Yeltsin on 31 July]

[FBIS Translated Text] This federal law determines the timetable and procedure for the examination and approval of the federal budget for 1996.

Article 1. Prior to 1 August the Russian Federation Government will submit to the State Duma of the Federal Assembly of the Russian Federation a draft federal law "On the Federal Budget for 1995" together with the following documents and materials:

— the preliminary results of the socioeconomic development of the Russian Federation for 1995;

— a forecast of the socioeconomic development of the Russian Federation for 1996;

— a forecast of the consolidated financial balance for the territory of the Russian Federation for 1996;

— the fundamental principles and characteristics of the interrelationship between the federal budget and the budgets of the components of the Russian Federation in 1996;

— a forecast of the consolidated budget of the Russian Federation for 1996;

— federal targeted programs and federal regional development programs stipulated for financing from federal budget funds in 1996 with the sources of funding indicated;

— the results of the implementation of the federal budget and the consolidated budget of the Russian Federation for the first half of 1995 and an assessment of the expected implementation of the said budgets for 1995 plus a report on their implementation in 1994;

— calculations for all items and sections of the budget for 1996.

Should it be necessary to make amendments or additions to Russian Federation legislative acts relating to taxes, the Russian Federation Government also submits drafts of corresponding federal laws to the State Duma.

Federal budget expenditures for 1996 in the draft federal law "On the Federal Budget for 1996" will be presented broken down by function and department with a detailed explanation of the targeted items and types of expenditure.

Article 2. the Russian Federation Government will submit to the State Duma:

— by 1 September 1995—draft budgets for 1996 for the following state nonbudget funds not consolidated in the federal budget: the Russian Federation Pension Fund, the Russian Federation Social Insurance Fund; the Russian Federation Fund for the Employment of the Population; and the Federal Compulsory Medical Insurance Fund;

— by 15 September 1995—an itemized [adresnaya] federal investment program.

Article 3. By 15 September 1995 the Central Bank of the Russian Federation will submit to the State Duma draft basic guidelines for monetary and credit policy for 1996 which have been agreed with the Russian Federation Government.

Article 4. The State Duma will give three readings to the draft federal law "On the Federal Budget for 1996." The first reading is to take place no later than 10 October 1995.

Article 5. Prior to the first reading of the draft federal law "On the Federal Budget for 1996" committees and commission of the State Duma will submit to the State Duma Budget, Banks, and Finance Committee findings on the said draft law on the basis of which the said committee will prepare its findings on the draft federal law "On the Federal Budget for 1996" and submit them for examination by the State Duma.

Article 6. During the first reading of the draft federal law "On the Federal Budget for 1996" the State Duma will examine the main characteristics of the forecast of the socioeconomic development of the Russian Federation in 1996 and draft laws on making amendments and additions to Russian Federation legislative acts on taxes and will approve the main figures for the federal budget for 1996, which include:

— the distribution of revenue from federal taxes and duties between the federal budget and the budgets of the components of the Russian Federation;

— federal budget revenue broken down by revenue classification and revenue type;

— the size of the federal budget imbalance (deficit) in absolute terms and as a percentage of federal budget expenditure for 1996;

— federal budget expenditure as a whole.

Should the draft federal law "On the Federal Budget for 1996" be rejected on its first reading the State Duma will submit the draft law to a conciliation commission of representatives of the State Duma, the Federation Council, and the Government of the Russian Federation to specify the main figures for the federal budget for 1996. Proceeding from the recommendations spelled out in the findings of the State Duma Budget, Banks, and Finance Committee, the commission will formulate within 10 days an agreed version of the main figures for the federal budget for 1996 and will submit the modified draft federal law "On the Federal Budget for 1996" to the State Duma for a repeat first reading.

Article 7. During the second reading of the draft federal law "On the Federal Budget for 1996" the State Duma will approve appropriations under the items and sections of the federal budget and itemized federal programs financed out of federal budget resources and will determine the list of protected items of the federal budget and the upper limit of appropriations for the protected items as a percentage of federal budget expenditure for 1996.

Article 8. During the third reading the draft federal law "On the Federal Budget for 1996" will be put to a vote for adoption as a whole.

Article 9. The examination and approval of the federal law "On the Federal Budget for 1996" by the Federation Council of the Federal Assembly of the Russian Federation will be effected in accordance with the procedure prescribed by the Russian Federation Constitution.

Article 10. In the course of the month following the entry into law of the federal law "On the Federal Budget for 1996" the Russian Federation Government will submit for examination and approval by the State Duma a draft federal law "On the Quarterly Distribution of 1996 Federal Budget Revenue (Broken Down by Revenue Classification and Type Of Tax) and Expenditure (Broken Down by Functional and Departmental Classification and by Appropriations for Federal Programs)."

Article 11. The draft 1996 budgets of state nonbudget funds not consolidated in the federal budget will be examined and approved by the State Duma within four months of their submission. Here the size of the insurance contribution is approved simultaneously with the examination of draft laws on making amendments and additions to Russian Federation legislative acts on taxes, and the income and expenditure of nonbudget funds will be examined and approved simultaneously with the second-reading examination and approval of federal budget expenditure for 1996.

Article 12. In the event of the nonadoption of the draft federal law "On the Federal Budget for 1996" by 1 January 1996, the State Duma will adopt a federal law on the financing of federal expenditure from the federal budget in the first quarter of 1996.

Article 13. Pending the adoption of a new version of the RSFSR Law "On the Fundamental Principles of the Budget Structure and Budget Process in the RSFSR," part 3 of Article 16 and Articles 20, 21, and 22 of the said law are suspended.

Article 14. The Russian Federation Government is to submit to the State Duma on a monthly basis information on the progress of the implementation of the federal budget for 1996 and on a quarterly basis a report on the progress of the implementation of the federal law "On the Federal Budget for 1996," the consolidated Russian Federation budget for 1996, and the 1996 budgets of state nonbudget funds.

Article 15. This federal law comes into forces from the day of its official publication.

[Signed] Boris Yeltsin, president of the Russian Federation

[Dated] Moscow, the Kremlin, 31 July 1995
Federal Law No. 118

1996 Budget Approved After Difficult Discussions

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[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, August 3 (ITAR-TASS) — The Russian government, at its Thursday closed session, approved the main parameters of next year's budget.

Finance Minister Vladimir Panskov told a news conference on Thursday that next year's national incomes are estimated at 329 trillion rubles, which equals 15.7 per cent of the gross domestic product. Expenses are envisaged in the amount of 410.8 trillion rubles. This way, the 1996 budgetary deficit will make up 81.8 trillion rubles, or 3.9 per cent of the gross domestic product.

The minister said at the same time that the discussion of separate articles of the budget will continue for one more week. The final draft of the country's main financial law will be submitted for consideration of the State Duma within the next two or three weeks.

Addressing the news conference, First Deputy Minister of the Economy Yakov Urinson said that according to the forecast of his ministry, there is a chance to cut back inflation next year to the level of 1.2 per cent a month.

The finance minister said that the discussion of the draft budget proceeded with difficulties. The initially proposed parameters of the budget were changed in the course of the discussion: the incomes were slashed by 14.8 trillion rubles, while the expenses increased by 18.3 trillion.

The final draft envisages the following federal expenses:

— for national defence — 79 trillion rubles (compared to 50.8 trillion rubles in the current year);
— for education — 15.2 trillion (9.5 trillion);

— for culture — 2.3 trillion (1.5 trillion);

— for mass media — 2.3 trillion (1.8 trillion);
— for health care — 7.4 trillion (4.6 trillion);
— for investment credits — 27.7 trillion rubles of capital investments, which is nine trillion rubles more than in the current year.

Next year's profits from privatization are planned in the amount of 11 trillion rubles (compared to nine trillion rubles this year).

Asked to comment on the future discussion of the draft by the State Duma in the autumn, simultaneously with the parliamentary election campaign, Panskov told ITAR-TASS that "politics will prevail over the economy."

In his opinion, it has become apparent today, when chairman of the Duma committee on budget, taxes, banks and finances Mikhail Zadornov subjected the draft to piercing criticism. He said that the budgetary deficit is too big. Zadornov came out resolutely against using internal and external loans for covering it.

Zadornov was speaking so emotionally, that even Prime Minister Viktor Chernomyrdin interrupted him with a question whether he was speaking chiefly as a politician or a professional economist.

Panskov stressed that despite the fact that the draft budget will be submitted to the State Duma in August, its active discussion by the Duma Conciliatory Commission will start in the beginning of September.

Committee Formed To Promote Yeltsin's Candidacy

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[FBIS Transcribed Text] MOSCOW, Aug 3 (INTERFAX) — The Russian president's representative in Moscow, Vladimir Kamchatov, announced the creation of a public committee for proposing Boris Yeltsin as a presidential candidate at the forthcoming Russian elections in 1996, at a press conference in the capital today.

Kamchatov said the main purpose of the committee would be to collect signatures under an appeal urging Yeltsin to run for the presidency.

Kamchatov said in answer to a question from INTERFAX that he believed Yeltsin would accept the voter proposal and run in presidential elections "if the public committee is able to drum up a mighty movement in support of him in the regions."

Kamchatov said regional public committees for support of Boris Yeltsin were also likely to be created.

Skokov-Lebed Political Alliance Viewed

MM0308143295 Moscow ROSSIYSKIYE VESTI in Russian 2 Aug 95 p 2

[Article by ROSSIYSKIYE VESTI Analytical Service: "'Skokov-Lebed' Tandem En Route to Unauthorized 'Center.' Political Prospects"]

[FBIS Translated Text] Over the last few months there has been an increase in the political activity of Yuriy Skokov, who had prior to this remained in the shadows for a fairly long time.

At present it would be hard to single out another Russian politician who could organize in such a thorough and unhurried manner the complex integral structure of a future electoral association. While undergoing a phase of countless scandalous exposes and a series of highly significant mass media stories linked with suspicions that he is overly ambitious for high state office, Yu. Skokov is now clearly hinting that he is no longer expecting any invitation from the administration and intends to secure his objectives via "normal procedure."

It is worth noting that none of his previous initiatives and numerous political projects individually produced any substantive results, but now these previously scattered initiatives may fit in well with the structure that he is setting up and considerably expand the opportunities for his carefully planned political maneuver.

The central link in Skokov's latest political project was the barely noticeable "Congress of Russian Communities" [CRC] led by Dmitriy Rogozin. The CRC's April assembly was the subject of discussion for observers not just because of the unusually extensive representation from the localities but mainly because it was attended by Deputies K. Zatulin, S. Glazyev, S. Govorukhin, S. Burkov, and V. Ilyukhin along with General Lebed and Academician N. Moiseyev. Sergey Glazyev's Democratic Party of Russia (DPR) and the Russian Commodity Producers Federation [RCPF] of Yuriy Skokov, who was elected chairman of the CRC National Council, became collective members of an organization that is bidding to take the lead in expressing Russian national interests. The theme of enlightened nationalism, some hints of which are manifesting themselves with increasing frequency ahead of the elections in the rhetoric used by representatives of the official authorities, is no chance theme for Yu. Skokov, but undoubtedly a well thought-out move to win the understanding and support of that section of the electorate previously robbed of a choice as a result of being brainwashed by V. Zhirinovskiy's aggressive clowning around. The fact that "rebel" army commander A. Lebed, whose rating is still high, has been recruited to join the leadership of the reconstituted movement is seen as an undoubted "trump card." The "Skokov-Lebed" tandem, according to some experts, potentially (but as yet only potentially) has some prospects of taking part in the 1996 presidential elections even if standard political technologies are used.

Another section of what is undoubtedly a single project is the "Union of Peoples of Russia" (led by Yu. Skokov) founded early in the year and combining representatives of 12 national movements. Originally the model for this latest initiative assigned regional leaders a leading role and they had their preliminary meeting in January 1995 in Cheboksary with the participation of the "Accord for the Fatherland" public committee, set up by the selfsame Yu. Skokov 18 months ago. The summit involving the leaders of Russia's republics, understandably, evoked an extremely negative response not only from the Kremlin but also among the progressive public, which somewhat put a damper on the ardor and enthusiasm of most participants. But not Yu. Skokov, who is still actively maintaining and developing "unofficial" contacts with regionals, who include such political personalities as A. Tuleyev, Ye. Stroyev, N. Fedorov, etc. Yu. Skokov's "separate" activity in establishing regional ties is undoubtedly worrying the top echelons of power, whose representatives have themselves long been trying to find the optimum means of collaborating with Federation components.

The next project was the RCPF, which combines federal, republic, kray, and oblast sectoral unions, associations, and other conglomerates of commodity producers. The founders of this organization — Yu. Skokov's latest somewhat mysterious baby — include the Russian Union of Industrialists and Entrepreneurs [RUIE], the Agrarian Union of Russia, the League for Assistance for Defense Enterprises, the Association of Industrialists and Entrepreneurs of Russia, and the Russian Union of Labor Collectives.

In late 1993 the RCPF was joined by the Union of Petrochemical Industry Workers and the Russian Chamber of Trade and Industry. The range of opinions regarding the influence of both individual components of this organization and the organization in particular as a whole covers the whole spectrum: Some people consider the RCPF an "overblown, semi-mythical formation" "with nothing actually behind it"; others call it one of Russia's largest and most influential lobby groups. There are grounds for both views. In late 1994 after the Third RCPF Congress Yu. Skokov had meetings with V. Chernomyrdin and O. Soskovets during which they discussed the possibilities of and scenarios for cooperation between the RCPF and the government on the basis of the congress' recommendations. The results of these contacts were summed up by the premier during a television interview: "....A useful discussion, but I will not accept any terms." This outcome was interpreted as indirect confirmation that the RCPF is not a serious force with which the government will be forced to reckon. Nevertheless, according to various sources, Yu. Skokov has the support of some of the influential corps of directors, certain financial and industrial groups (the Izhevsk group, for instance), which have taken shape within the military-industrial complex, and certain regional structures, in particular in Orel, Belgorod, Ulyanovsk, and Kursk Oblasts. In the banking sector AMBI-bank, Tveruniversalbank, Kredobank, and certain branches of the Savings Bank are generally mentioned in connection with Yu. Skokov. Financial structures of the "Hermes" Group also turned to him in the past.

The personnel of the former Center for International and Interregional Economic Studies (Yu. Skokov's first refuge after his dismissal as Security Council secretary in May 1993 as a result of "disagreements" over the presidential edict on special rule) are providing intellectual support for Yu. Skokov's new political project.

The concept of "governability" — in the state, the economy, the army, etc. — is a key factor in the ideological formulation of the Yu. Skokov's programmatic aims. This idea by and large enables the main principles and slogans that will be used to enlist the electorate to be set out in a form accessible to the mass voter: namely, defense of the interests of national commodity production, a regulated market, and a strong state. Yu. Skokov's repeatedly avowed idea that his task is to "achieve the objectives that Boris Yeltsin set out in 1991" is also a winner.

In the political spectrum Yu. Skokov is often allocated a place on the "left flank" or on the "center left," which does not, however, prevent certain experts from assessing him as both a "nationalist" (in connection with the CRC) and as a "pragmatist" (in connection with the RCPF's deideologized position) although his position could most accurately be described as "conservative center."

Despite the fact that Yu. Skokov is carrying out numerous projects simultaneously, he is very cautious in his choice of bedfellows. During the current — almost speculative — political demand for "large modular structures" he virtually entirely ignores considerations of expediency and, having already had some negative experience, is currently relying on his own efforts and on the future. The abortive alliance with the Socialist Party of Working People in the 1993 elections will most likely caution him against joining a "pink" bloc with social democrats, socialists, "realists," etc. An alliance with the Federation of Independent Trade Unions of Russia (FITUR) led by M. Shmakov, who running around in the quest for a no-lose scenario, is also unlikely. Nevertheless one should not rule out some kind of "optimum" version of an "alliance" with FITUR, designed to wringing from its structures those local branches which are capable of considerably strengthening the regional echelon of Skokov's project. Intensive cooperation with the DPR of S. Glazyev and S. Govorukhin might also bring palpable dividends, particularly given the popularity of Glazyev's economic approaches among certain contemporary "party builders" (A. Kazannik, S. Fedorov, etc., for instance), who are individually scarcely able to secure any perceptible results. However, this as yet hypothetical scenario must take account of the possibility of future difficulties in relations between Glazyev and Skokov, each of whom is bidding to be independent in shaping an economic program. Many experts attribute Yu. Skokov's lack of even the slightest hint of charisma to his having spent too long in the shadows. He has had this reputation since he held lofty positions in government and presidential structures. His rare public speeches and contacts with the press at some point produced an image of a "shadowy" figure concealing a subtle strategy behind his calculating behavior. The move into the unfamiliar sphere of public politics will require a lot of effort and may prove beyond Yu. Skokov. Skokov is undoubtedly aware of this, but he does nevertheless think that "the time has come to overcome his complexes." However, his first meetings with journalists and the surfeit of personal references and denunciatory statements (predominantly regarding "Gazprom" and Premier V.. Chernomyrdin) do not enable one to conclude that he is successfully overcoming his complexes. Skokov is undoubtedly pinning considerable hopes on Lebed's arrival.

All the retired general's first weeks of civilian life with constant assistance from and in the presence of Yu. Skokov have been devoted to drawing public attention to Lebed's new role as one of the leaders of the CRC. Yu. Skokov and A. Lebed have held several scheduled and impromptu meetings with certain journalists, as well as several news conferences, of which the most noticeable was a meeting with journalists and representatives of the public from St. Petersburg involving around 150 people, including representatives of the CRC's city organization, veterans of the Afghanistan war, Army and Navy officers, and certain representatives of St. Petersburg City Hall and Legislative Assembly.

An analysis of this press conference and other statements for the press attests to a definite — fairly specific — separation of roles within the expanded CRC leadership: A. Lebed with no political or economic experience is still being forced to "focus" on military problems, voice his characteristic assessments of specific personalities, make scathing comments, and give memorable answers. As one of those present said: "He is not an orator or a polemicist — but a master of the monosyllabic answer." Of the numerous topics CRC leaders paid the greatest attention to two issues — private ownership of land and the Russian Federation Constitution — while Yu. Skokov described the former as a "crime" and the current Fundamental Law as the "basis for totalitarianism on a pseudodemocratic basis." A. Lebed supported the position espoused by his comrade in arms and supplemented it by saying that he is "pretty blase" about the institution of the presidency but is extremely opposed to mayors and mayoral office, adding that when it comes to the crux of the matter and terminology he far prefers the concepts of "governor" or "governor-general."

Speaking about the current phase of reform Yu. Skokov highlighted several ideas which he sees as the most important. In particular he pointed out that:

— in the economy the problem of reform has recently been supplanted by the problem of the redistribution of property, stressing that no alternative to state ownership of any major entrepreneurial structure was created during the reform process;

—the material potential and the potential for citizens to be law-abiding — potential built up in the past — are being eroded.

Attempts by representatives of the state authorities to consolidate society were described by Yu. Skokov as deepening the division since "these attempts have but one aim — to protect the authorities."

Assessing their chances in December's elections, the CRC leaders noted that obtaining seats in the State Duma is not presented by their movement as the end in itself. Those assembled were once again offered the previously voiced idea that their movement's main task is to implement the objectives which Yeltsin set himself in 1991 but which, according to Yu. Skokov, were not realized ("It is now, rather than in 1991, that we are being turned into beasts of burden"). It was said that the CRC does not as yet have any allies when it comes to achieving its political agenda, the question of which will be decided after and on the basis of the results of the December elections.

A. Lebed assessed the events of August 1991, describing them as the actions of the nomenklatura, which had betrayed the CPSU, the Soviet authorities, and the state, and withdrawn to positions it had prepared earlier in commercial structures. The retired general associates the prospects of Army renewal with the dismissal of [Defense Minister] P. Grachev and with the experience of the 14th Army's combat training being utilized throughout the Russian Armed Forces. With regard to regional conflicts and the Army being used therein, it was noted that "Russia cannot be remodeled by force" and then — undoubtedly within the framework of Skokov's concept — the general added that it is necessary to restore state governability, but he did not specify how this can be achieved rapidly and effectively although one might surmise from his answers to other questions that it was a question of the Pinochet scenario, which has been repeatedly debated in the Russian mass media since the retired general spoke in extremely flattering terms of Pinochet, stressing that human casualties in the process of dictatorship were ultimately an "acceptable price" to pay for the normalization of the situation in Chile. Lebed assessed his military potential in extremely modest terms as "approximately that of a district commander" and, when asked about the possibility of his leading a movement of opposition officers in the Army, the retired general replied that he would "only talk face to face with officers unhappy with the regime" on this subject. Most of his statements were couched in the exceptionally critical "staccato" style characteristic of Lebed. What he said on a number of issues revealed his patent vulnerability to well-adduced criticism.

By and large analysis of the CRC leaders' behavior and statements shows that they are not ready at the moment for a serious political campaign. The movement's ideology like that of many other parties and blocs has been "developed" primarily to provide criticism and is not as yet very constructive. Criticism of the leadership of the country and the Army frequently led to assessments of individuals and conflict. Neither Yu. Skokov nor — much less — A. Lebed demonstrated an ability for productive polemics with their political opponents. A. Lebed's television image as a "slippery customer," which developed during his previous activity as commander of the 14th Army, is seriously put to the test during direct contacts and to some extent is not borne out. A. Lebed's ostentatious anti-intellectualism, which has manifested itself inter alia in statements like "....First you have to win and then you have to organize a column of commentators and order them to justify the inevitability of the victory...." causes serious concern.

Possibly during their planned campaign tours of Russia's regions (which will also prepare them for television debates) the CRC's leaders will acquire definite experience of debating, however their basic aims with their orientation to particular means of attaining political solutions can hardly change that substantially.

Nevertheless I must admit that Yu. Skokov remains a fairly influential figure on the Russian political scene and has definite political prospects. Yu. Skokov's organizational ingenuity and skillful use of A. Lebed's unique charisma enables us to predict that the new tandem may not only win the support of what used to be a predominantly inactive section of the electorate but will also displace the Communists and national-patriots in their traditional areas.

Political Clout Seen Shifting to Provinces

MM0408101195 Moscow ROSSIYSKAYA GAZETA in Russian 3 Aug 95 pp 1-2

[Article by Aleksandr Batygin: "Provinces Not Tempted Or Deserted."]

[FBIS Translated Text] Russia's political center is moving to the regions. But only businesslike people can become true leaders in the boondocks.

A few years ago an oblast committee secretary admitted to me in a private conversation that he had been selected to go to the Central Committee in Moscow to take charge of a sector in the agriculture department. My interlocutor made no secret of his joy — joining the building on Staraya Ploshchad and that special caste was not something given to everyone.

Today people are not particularly keen on going to the capital. And it is not just a question of Moscow's criminal chaos and environmental situation. They can satisfy their political ambitions at home and still be known to the entire country. The accelerated "revolutionary course" of August 1991 has not destroyed the nomenklatura ladder but, by destroying the CPSU's monopoly and by debunking gods who in the name of the Politburo determined the fate of the people, it has allowed people to choose for themselves the political path that they want to follow.

Following the USSR's collapse a new power elite began to take shape — and this process worked at different speeds and concentrations in the capital and in the boondocks. In the opinion of Doctor of Sociological Sciences Larisa Vdovichenko, a staffer at the Russian Federation Presidential Staff Analysis Administration, these changes could be called the "regionalization of all Russian life." The transfer of many power functions from the center to the regions was a historically natural process — it could be slowed but not stopped. Russia's future will depend to an enormous extent on the provinces' activeness in the political, economic, social, and cultural spheres. Ultimately the provinces have been of service, since they have won the right to become equal partners of the center, to enter into dialogue with it, to resolve disputed problems, and to voice their own opinions.

"Russia has always had strong provinces," Vladimir Medvedev, leader of the "New Regional Policy" movement, claims enthusiastically. "We have many sensible people who often discuss things and act far more wisely than high-ranking officials."

Outstanding individuals in the provinces now have many ways and means of carving out a career as politicians and getting themselves noticed. For instance, by becoming a parliamentary deputy or a party functionary or both. The diversity of parties and movements is conducive to that. And everyone can make their own choice in accordance with their views and convictions — you will not be sent to Siberia for it.

The supporters of the sociopolitical movement "Russia Is Our Home" have also made their choice in the regions. They are pinning their hopes on "Russia Is Our Home" to stabilize the situation in the country and continue the reform policy. "Russia Is Our Home" offers a unified national and regional policy aimed at ensuring equality among all Russian Federation components and solving the problems of all the country's regions and peoples irrespective of their size and number.

What do provincial leaders themselves think of Russia's future and their place in the "overall structure"? What do they intend to do to revive Russia and make it prosper? Many of those who attended the "Russia Is Our Home" conference in Moscow constantly reiterated that they were businesslike people.

"'Russia Is Our Home' is the first all-Russian organization which has a chance of taking root on Tatar soil," Insaf Sayfullin, director of the scientific and technical center at the "Yelabuzhskiy Avtomobilnyy Zavod" Production Association, said. "Yes, we advocate economic autonomy and our republic is in practice showing others what can be done in that area. But take a special case — the unfinished giant project in Yelabuga. Not only the efforts of Tatarstan but those of Russia as well are patently inadequate. Eight CIS countries recently signed an agreement in Minsk on the joint construction of the car plant. Foreign aid will also be provided."

The word "stability," which has become a key part of the "Russia Is Our Home" program, is needed by state and private structures — by those who really want to work, to produce real output and services, and to compete in the marketplace. The Yelabuga plant is currently a state enterprise, but in the future it will become a closed-type joint-stock company. Let us ask the question — if Russia continues to be ruled by public-rally passions, strident politicking, and criminal chaos, will the giant plant have a happy future? Hardly.

"We have joined the movement of the radical and sober-minded wing of the government, which wants change but needs support, since the reforms are getting bogged down," Viktor Shchekochikhin, chairman of the Union of Russian Land Owners Executive Committee, said.

The Union of Land Owners has become a collective member of "Russia Is Our Home", having split with the Agrarian Party for fundamental reasons. Judge for yourselves. The leaders of the Agrarian Party of Russia [APR], Vasiliy Starodubtsev in particular, consider collectivization to have been a boon for Russia. But the Union of Land Owners called collectivization a "national disaster that surpassed the civil war in its destructive consequences." The APR program states: "Government economic policy has left the countryside facing conditions of bondage and enslavement." The Union of Land Owners claims: "The increasingly profound crisis in agriculture is the result of inconsistency in implementing reform, sabotage by the leaders of the agro-industrial complex, and the continuing alienation of peasants from the land and the results of their labor."

Incidentally, V. Shchekochikhin is a major land owner — he has 1,400 hectares of land near Moscow.

"But I am not a bloodsucker, as the classics of Marxism-Leninism claimed," he explained. "There is nothing in my home apart from beds. I believe in a happy life for peasants and in the new mentality of rural working people. A private operator will not support the Agrarians and will not join Lapshin."

Vladimir Muntyan, leader of the Irkutsk regional branch of "Russia Is Our Home" and general director of the Union of Industrialists and Entrepreneurs in the oblast, admitted in conversation that only eight out of the 120 large enterprise directors in the oblast had refused to support the movement headed by the prime minister. V. Muntyan immediately added the rider that "We should not identify 'Russia Is Our Home' with the government — that is by no means the case." In the Irkutsk man's opinion, we should continue to constructively criticize the government, speaking out not against the reform strategy but against the tactics used in implementing it.

I asked Gennadiy Solodov, general director of the "Progress" Production Association in Kemerovo and chairman of the oblast "Russia Is Our Home" organization, why he personally chose this movement headed by Viktor Chernomyrdin. After all, there is the other left-of-center electoral bloc headed by the State Duma speaker and including the powerful Russian United Industrial Party.

"The 'Russia Is Our Home' platform devotes a lot of attention to boosting industry," Gennadiy Afanasyevich explained. "Only in that event can we think about social guarantees."

The Kuzbass is a mining area, and many of the pits are closing down due to unprofitability and defaulting, G. Solodov continued. It now costs more to deliver a tonne of coal to the border than it does to produce it. And although the Kuzbass and "Rosugol" have signed a temporary agreement on rail tariffs, the state cannot take an amorphous stance on the regions. The leaders of Kuzbass enterprises are in no hurry as yet to join the new social movement since, as G. Solodov put it, "that part of the platform which mentions reviving industry has not been written very convincingly."

Regional "Russia Is Our Home" leaders whom I spoke to at the conference and afterward were on the whole optimistic about the movement's prospects. For instance, Sergey Mishchenko, chairman of a "Russia Is Our Home" branch executive committee in Sakhalin, believes that, according to sociologists' forecasts, "Russia Is Our Home" can count on one-third of the electorate's votes in the island oblast.

A particular issue which arose one way or another at the conference or behind the scenes was — whose "brains" will the movement be counting on in the provinces?

"It would be immoral to say that there is no intellectual elite in the regions," Yuriy Sizov, deputy leader of the "Russia Is Our Home" All-Russia Movement Executive Committee, claims. "A considerable proportion of the program was drawn up by regional organizations. Constituent organizations already exist in 68 parts of the country. The movement is open to everyone except extremists. We have only been going two months, we did not bring the government to power. We are not a party, we have no individual membership."

The new political movement, which has proclaimed its main values to be stability, the development of economic reform, and the strengthening of the constitutional foundations of the democratic federal Russian state, is a reminder of the principles of civic peace and harmony. Strident arguments about who loves Russia more and cares more for its people are not for serious politicians. People in the provinces understand that perfectly well. Thus, the engineer and physicist Valeriy Korinets, leader of the Krasnodar branch of "Russia Is Our Home," talked about how he and his associates in the kray had suggested that the leaders of the Kuban's political parties conclude an accord agreement and conduct a civilized election campaign. The appeal met with a response from more than 30 associations apart from the Communists, the Liberal Democratic Party of Russia, and the Agrarians.

The nearer we get to December, the more often the "top dogs" in the most diverse parties and movements set off on "tours" of the country. State Duma Chairman Ivan Rybkin, who is also leader of a left-of-center bloc, has just visited Voronezh and Tambov Oblasts to "touch base with voters and get a handle on their feelings." Aleksandr Lebed, the former 14th Army commander and now one of the leaders of the Congress of Russian Communities [CRC], has set off for Perm and Yekaterinburg to do likewise. The general, talking about the CRC election program, stated in the Urals that his supporters will be creating the conditions for Russian commodity producers.

Incidentally, if that were actually the case, then Russia would only benefit. Gathering together all the best suggestions from the best minds and weaving from them the best program for the revival of the fatherland — is that not the dream of all Russians?!

The increased interest being shown in the regions by leaders of all stripes is understandable — the political elite in Russia are slowly but surely moving into the provinces. It might seem to some people that such changes are happening too slowly or are not happening at all in certain remote areas. But it should not be forgotten that Russia is having to do in a few years what took the West centuries to accomplish.

Military Issues

Grachev on Army, Chechnya, Bosnia, Elections

MK0308050095 Moscow MOSKOVSKAYA PRAVDA in Russian 2 Aug 95 p 16

[Interview with Defense Minister Pavel Grachev in the MOYA GAZETA supplement by Andrey Vandenko; place and date not given: "Pavel Grachev: Yet More Dots Over Yet More I's;" first two paragraphs are MOSKOVSKAYA PRAVDA introduction]

[FBIS Translated Text] Instead of a foreword. Preempting questions from those who are very much concerned over why I have allegedly become the defense minister's mouthpiece and publish the third interview with Pavel Grachev in a row (the first two in KOMSOMOLSKAYA PRAVDA), I answer that, to my mind, it would be stupid to miss an opportunity to talk with a person for whom many people have questions, but few have a chance to ask them... Show me an interviewer who would let such a golden opportunity slip by? At least I am not the one.

With whom will I speak tomorrow? I am sure there will be enough of those for whom people have questions for your and my lifetime. Follow the newspapers.

Minus Five

[Vandenko] Pavel Sergeyevich, the meeting of the Russian Security Council that discussed the tragedy in Budennovsk raised the question of your resignation. Details of that meeting were not made public in the press. Perhaps, you could now share them with the readers?

[Grachev] I can talk only about what concerns me directly. Indeed, the situation that came about at the time was analyzed at the Kremlin in detail so as to find out who is to blame for what happened. Viktor Yerin, Sergey Stepashin, and Nikolay Yegorov took the floor to explain their stances. Then I, too, was invited to speak up. I frankly admitted that I feel sorry for not displaying greater insistence and not soliciting the president for permission to go to Budennovsk. I think I could have helped the internal affairs minister and the Federal Security Service chairman to resolve speedily the conflict if I were there in those traumatic days, because, I think, I have greater experience with combat operations than they do. That is the first thing. The second thing for which I assumed blame were my subordinates from the reconnaissance troops, who let Basayev's gang pass across Chechen territory with impudence. And third: In my view, the local garrison in Budennovsk, which consisted of pilots and airfield security men, provided insufficient support to the municipal militia in the first minutes of the assault, and could not achieve the requisite level of coordination with it and repulse the gangsters as they deserved.

After my brief report I was asked what punishment I would consider acceptable for me.

[Vandenko] Who asked you that?

[Grachev] The president did....

I said that I am to blame for the goings-on just as the other power ministers are; for this reason, a dismissal from my post could be a deserving punishment for me. As a result, the question of dismissing the defense minister was put to a vote. Those who voted for this decision included the president, the prime minister, the Federation Council speaker, and the border troops commander.

[Vandenko] As far as I know, you were the fifth person to vote for that, weren't you?

[Grachev] I was not the fifth. I did not wait to see how others would act and was the first to raise my hand.

No one else supported the proposal to dismiss me, a majority of votes was in my favor, and I was asked to go on fulfilling the duties of minister.

[Vandenko] Later, when you communicated with the president, did you attempt to find out why the president agreed to sacrifice you? Or did you not have an opportunity to ask him about that?

[Grachev] You should know that as defense minister I am simply obliged to report daily to the president on the situation with the troops, particularly in the strategic nuclear forces. I repeat, this report is made every day — between 0930 and 1000. Wherever the president might be at this time — whether in the Kremlin, at the hospital, as, say, was the case recently, or at his summer house — it does not matter. Order is order.

Since that Security Council meeting I have continued to speak regularly on the phone with Boris Nikolayevich, we have also had a number of personal meetings, but the question you have asked me has not popped up in our conversations.

[Vandenko] Boris Nikolayevich has not raised it, and you have not reminded him of it either, or have you?

[Grachev] No, the president has not said anything on the subject, and as for me, it would be, perhaps, immodest for me to ask how and when the question of my dismissal will be decided. This would be indecent.

[Vandenko] Nor have you spoken with others who voted against you? Say, with Andrey Nikolayev, the chief border guard? There has long been speculation about uneasy relations between you two.

[Grachev] Why uneasy? We have normal relations. We served together, too. When I was an army commander, I invited Nikolayev to take up the post of operational directorate chief. Then he commanded the 11th Army. Gradually, I saw him through to the post of first deputy chief of the General Staff. In principle, this is a professional, capable general; he gave me considerable assistance in solving foreign policy problems that have a bearing on the Russian Armed Forces. No, I cannot say anything bad about Nikolayev.

As for his voting for my dismissal... This is the right of everyone to express one's view, to have one's own viewpoint. Why take offense now? Of course, one thing that affected the vote were my repeated statements about resubordinating the border troops to the Defense Ministry, reorganizing these troops to a certain extent, and assigning different objectives to them. Maybe Nikolayev voted against me in the heat of the offense. Maybe. But I do not take offense at this man, I treat him evenly, as a commander.

Dark Clouds Sullenly Patrol the Border

[Vandenko] The Budennovsk developments, as is well known, have set off a number of reshuffles in the top echelons of power. In particular, Colonel General Barsukov has become head of the Federal Security Service [FSB]; his name has been associated with the idea of bringing the state security service, the Army, and the militia together into a single, formidable structure capable of fulfilling any missions that may be assigned to it and subordinated to a single command. Don't you fear that if this plan is realized your rights may be infringed upon?

[Grachev] I am well acquainted with Mikhail Ivanovich Barsukov; we often see each other, but I have not heard of such an idea from him. The only thing we spoke about was the need to reorganize considerably the current Federal Security Service. The thing is that the FSB should no longer be impotent, as it presently is, but it should become a genuinely robust power mechanism that is capable of fulfilling specific functions entrusted to it. I am personally in favor of giving the FSB back the appearance of the old KGB, including in the FSB the structures that were formerly part of the USSR Security Committee.

[Vandenko] Including the Foreign Intelligence Service [SVR]?

[Grachev] I do not want anything specific yet. One may name not only the SVR, but also the border troops and special-purpose units.

[Vandenko] Then you still urge that the border troops be brought back under the FSB's umbrella?

[Grachev] No, I don't.

[Vandenko] But have I understood you correctly that you think this to be the best possible option?

[Grachev] Now I do not think anything. This is what you may write down: Grachev is sick and tired of talking about the border troops. A decision on these should be made by the top political leadership, evidently, by the Russian Security Council. What the Council says, goes. So why talk in vain now.

[Vandenko] But before a decision is made, your opinion, Pavel Sergeyevich, an opinion of the defense minister, will also be sought. What would you say?

[Grachev] One should not try to preempt events; this matter may well not be considered by the Security Council at all. If the problem arises, however, I will speak up, and then we will meet once again and I will comment on my stance.

[Vandenko] Why shouldn't we try to throw some light on the matter even at this stage? Recently I read in the press about operational-staff exercises held in the Far East that were organized, as they should be, by the General Staff. Exercises are not a rarity, but journalists' attention was drawn to the fact that this time around Far Eastern border troops, Internal Affairs Ministry troops, and FSB troops were all subordinated to the army command... This can be seen as the Defense Ministry's desire to trample all others under its command.

[Grachev] Why do you say they were subordinated only on that occasion? What you are saying is an example of sheer incompetence by people who venture to comment on something they do not know. The thing is that any type of exercise involves the simulation of a military situation. It is well known, however, that in wartime all combat operations are carried out under the command of the specially created Headquarters of the Supreme Commander — and the General Staff, within the Headquarters itself. So, all existing armed services and combat branches should be automatically subordinated to the General Staff, including those that may not be under the Defense Ministry's or the General Staff's command in peacetime. Everything should be there: the Armed Forces, the border troops, civil defense, road construction and railway troops.

Exercises are conducted precisely to practice coordination during peacetime, but in conditions close to a war-time situation. It will be too late to learn when war breaks out. So you cited an irrelevant example. The authors of this article appear to have misunderstood something. One should not feel insulted, though; not everyone knows what's what in the military, although many people venture to write about the army — this subject is now in. Maybe this material was a sort of training for its authors. Who knows, it cannot be ruled out that these people may read my words and change their opinion.

At least I will think that I have helped somebody learn something.

An Internal Affair

[Vandenko] I would also like to hear from you a comment on another fact I learned from the newspapers.

There have been reports about your heated conflict with Kulikov, the new internal affairs minister; that you allegedly nearly grabbed each other by the coat lapels after a meeting.

[Grachev] Oh God, what nonsense they can come up with! Anatoliy Sergeyevich and I are friends. We studied together at the General Staff Academy — in parallel groups, we played volleyball together — on the same team, we went in together for other sports.

[Vandenko] You know, it can so happen in life that the best friends end up being irreconcilable enemies.

[Grachev] Yes, it happens that even friends fall out. Well, there is nothing terrible about it. People may have different views, but Kulikov and I understand each other perfectly well. As for the incident just described, there has never been anything like it. Someone must have dreamed it. Moreover, I do not remember an instance where Anatoliy Sergeyevich or I raised our voice at each other, let alone fell out.

No sooner had General Kulikov become minister than they started telling cock-and-bull stories about us, trying to drive a wedge between us. Why do they do that? As a matter of fact, Anatoliy Sergeyevich is a general from the combined-arms troops, we have a perfect understanding with each other.

The Chechen-Bosnian Knot

[Vandenko] Let us go from specific questions to more general ones. While a moratorium on combat operations is in force in Groznyy, we evidently ought not to stir people up with yet more talk about the methods and means Moscow used in an attempt to restore the constitutional order in the Chechen Republic. A question about your attitude to the peace talks currently under way in Groznyy, I think, would be fully pertinent, however.

[Grachev] Well, you know.... Now one may have to pay dearly for any careless word. I would not like to comment on the situation that has come about so as not to stand in the way of the talks and not to give certain forces a pretext to use my statements for their own purposes. The only thing I am ready to state firmly is that I greatly appreciate the role of the negotiating process in resolving the Chechen conflict. I personally would be happy to believe that the talks in Groznyy will be successful and that the shooting, explosions, and killings will finally end.

[Vandenko] Are you content with the fact that representatives of the federal troops are not involved in the talks?

[Grachev] Internal Affairs Minister Kulikov is a representative of the military in Groznyy.

[Vandenko] Do you hold consultations on the military package of questions raised at the talks?

[Grachev] Yes, of course. There are uninterrupted communications with me or with the General Staff chief. We pay particular attention to compliance with the moratorium. We have established strict control over the troops so as not to provoke yet more warfare. If incidents of our troops' unworthy conduct are exposed, we react instantly — we send appropriate commissions there, take the requisite measures.

[Vandenko] In a recent interview on Chechen television Dzhokhar Dudayev threatened to make use of weapons of mass destruction. How probable do you think it is that the Chechen leader may have such weapons?

[Grachev] I think that Dudayev has no weapons of mass destruction. At any rate, formerly there was nothing like it on Chechen territory. It is difficult to presume that the weapons have found their way into the republic during a period of warfare. This is improbable. Even before combat operations began, Dudayev threatened to use weapons of mass destruction. He even mentioned nuclear arms. I think this is sheer bluffing.

[Vandenko] It seems to me that after taking a look at Chechnya many people cannot but shift their gaze to Bosnia, to what is going on on the territory of the former Yugoslavia. Pavel Sergeyevich, together with the Russian foreign minister you participated in the London meeting that discussed possible ways of resolving the conflict in the Balkans. Evidently, you must have your own view of the problem?

[Grachev] No doubt, I have my own view on the matter, but you should understand that any serious political decision is to be discussed collectively. The decisionmaking mechanism usually works as follows: Each ministry or agency draws up a package of its proposals that are subsequently carefully studied by the Russian president. As a result a single political decision emerges. The situation in Bosnia and Herzegovina is not a exception. For this reason there is no need to talk about any special stance of the Russian defense minister in this particular case.

As of today, the stance of our country is as follows.

First. One should set equal requirements for both the Serbs and the Croats. Some allege that the Serbs are aggressors, bad guys, while the Muslims are victims. No, this won't do. Everyone is to blame for something — the Serbs, the Muslims, the Croats. For this reason the countries involved in the conflict settlement had better treat all parties to the conflict equally. Lopsidedness and a biased attitude have a negative impact on the Serbs; they become more aggressive and intransigent, hence, the probability that the conflict can be quashed is diminishing. I have repeatedly met with both Karadzic and Mladic, I sense what their views are.

Second. We are categorically opposed to both active warfare on the ground (this is a French proposal) and massive air strikes (this is a U.S. demand). You know, a military operation will be carried out by NATO units, not UN troops any more, even if under the aegis of the United Nations. Hence, yet another party to the conflict will emerge, and countries whose units are involved in military operations against the Serbs will be dragged into the conflict. This cannot be allowed to happen.

Third. Air strikes at the positions of the Bosnian Serbs will not achieve the expected results. On the contrary — this will only cause yet more casualties among the civilian population of the Muslim enclaves.

Fourth. We are categorically opposed to the United States' lifting its embargo on the supply of hardware, arms, and equipment to the conflict area. Why? The more weapons the Croats and the Muslims have, the bloodier the war will be. The weapons will fire, the scale of warfare will increase, the conflict will begin spreading, threatening to spill over outside the former Yugoslavia. And, again, the countries that start supplying these weapons will be indirectly dragged into the tussle.

Fifth. We also oppose the withdrawal of peacekeepers from the region. The thing is — this idea was proposed in London — that in case Gorazde falls the UN mission should be ended, because the "blue helmets" will have allegedly failed to fulfill the mission assigned to them. We, for our part, believe that the very presence of the peacekeepers in one region or another has a certain positive role to play, preventing the conflict from spreading. It is another matter that the mandate given to the peacekeepers should be revised at the next UN Security Council meeting in terms of broadening the rights of these UN units. What I mean is that the soldiers should not only wear the blue helmets, but they must also have the right to defend themselves if somebody attempts to take them prisoner or hostage in order to use them as a live shield. The peacekeepers should also be armed accordingly, too. It's no good at all when the Ukrainian battalion is blocked but cannot put up any resistance. As a military man, I am unable to understand that.

We are ready to increase the Russian contingent of the "blue helmets" — but not unilaterally. Let this process develop on an equal footing, proportionately, so that not only our boys will have to run under bullets and shells.

What else. Boris Nikolayevich has put forward an initiative that a meeting attended by United Nations Secretary General Butrus-Butrus Ghali, the heads of the seven major world powers, Russia, and the NATO command be organized and the leaders of Bosnia and Herzegovina, Croatia, Macedonia — in a word, all states that emerged in place of the former Yugoslavia — be invited to take part. I would say frankly, this proposal has so far met with little support, but it seems to us that the Russian president's initiative opens up the prospects for peace in the Balkans. There can be no military victory there.

Who Will Pay for Love

[Vandenko] Let us return to Russia. Pavel Sergeyevich, you know that an election campaign has effectively been started. You are also aware of the fact that the outcome of the elections for the State Duma largely depends on whom the Army backs. Recently speculation has mounted that Grachev is going to set up his own electoral bloc — either to spite Chernomyrdin or to support him...

[Grachev] This is yet another round of the game that is being played over me. I can tell you absolutely candidly that Grachev is not going to set up any political blocs, political movements, or parties. This is absurd. First, this is not a minister's business. Second, this is strictly prohibited by the Law on Defense. Third, even if I were not a serviceman, I would not become a deputy anyway. I have no wish to run for any office.

It is another matter that we, servicemen, are citizens of our state and, hence, we have the right to vote and to be elected. Including to the State Duma.

I will not make any bones about the fact that certain work is under way in the Armed Forces to prepare for the elections. We contemplate the possibility of certain servicemen participating in the election campaign, we want to have State Duma deputies from among servicemen. We need this exclusively in order to fight for the Russian army in parliament, to defend its interests.

[Vandenko] And still, do you plan to form your State Duma lobby in single-seat districts or will you present a single list for the elections?

[Grachev] No associations, no blocs or parties, just personal participation in elections.

As a matter of fact, in case you do not know, any political campaigning is prohibited in the army. Exceptions are not made for anybody.

Of course, the army is a force, a formidable force, not in terms of saber rattling, but in terms of the number of voters. You know, most officers and warrant officers have families; of course, their wives will ask their husbands for whom they are going to vote. The wives have female friends, the friends, for their part, have husbands... Let us not forget about the military-industrial sector. In a word, the military electorate may largely prove decisive in the elections. Clever politicians realize that the military cannot be disregarded during the election campaign.

[Vandenko] Have you been personally invited to join any electoral team?

[Grachev] Lots of proposals have been made, but I am a law-abiding person.

Of course, like any prospective voter I have certain political views, my own sympathies and antipathies.

[Vandenko] Are you ready to make public the predilections of a private person named Grachev?

[Grachev] Presently I am not a private person, so...

No Cheap People

[Vandenko] And still, Pavel Sergeyevich, your recent request that the army's funding be improved can also be interpreted as a trial balloon: If the government supports my request and earmarks the requested funds, why shouldn't I do a favor in return and offer a helping hand in the elections to the "Russia Is Our Home" bloc, which includes nearly the entire cabinet of ministers and is headed by the premier?

[Grachev, laughing] We are not to be bought cheap in that regard. We see Viktor Stepanovich as a good leader of our government: I personally do not know another figure who would be able to take over the burden of responsibility for what is going on in the country in the current situation.

It is another matter that the state does not have money fully to finance the army. And here Viktor Stepanovich's possibilities are limited. There is a direct phone line with the premier, we regularly speak with him, discuss the question of how to help the Armed Forces. Viktor Stepanovich is doing his best to assist the army, to fund it. As for trying to link our participation in elections to the solution of our problems.... Your suggestion is mistaken. I will tell you once more: We do not play it that cheap.

[Vandenko] And as regards Viktor Stepanovich, doesn't he send your "requests" for more funding back to you boomerang-style, saying you have already frittered away your money on Chechnya?

[Grachev] Frittered away on Chechnya.... An interesting story, this is. It follows from your words as if the army asked to be sent there, were anxious to go to Chechnya. Not at all, a political decision was made that obliged us to start combat operations. This is first. Second is that no one in the army had calculated the budget of the Chechen campaign because, as you understand, by the time the state budget was being approved no operations on Chechen territory were planned.

That the army is presently fighting there, incurring immense material losses in the meantime and losing human lives has not been provided for in the budget, neither protected nor unprotected provisions are made for that there. For this reason shifting the burden of responsibility and expenses onto the military would be wrong. You are right regarding one thing: For the most part the funds appropriated for defense purposes are being spent in Chechnya — these are munitions, food and clothing for servicemen, fuel and lubricants.... Of course, lots of things are siphoned off there, this has a negative impact on the status of units that do not fight in Chechnya. But saying that we have frittered the money away....

[Vandenko] You must agree, however, that when even the pay of the General Staff personnel is delayed, which was recently reported on television, this cannot but affect the servicemen's sentiments and their attitude to the government.

[Grachev] You can write that it is I who ordered the pay of the General Staff personnel delayed.

[Vandenko] In connection with what?

[Grachev] In connection with the fact that money was not paid in the North, in Kamchatka, that is, the regions where military service is extremely demanding, where people undergo extra stresses. If people have not been paid there, why should salaries be paid here on a priority basis?

[Vandenko] You have not taken your money either, have you?

[Grachev] I am always the last to receive my pay — on the last day of the month, and that only when servicemen on the periphery have been paid, people who suffer in earnest, who fulfill the most arduous combat mission. As for the Muscovites, I always have an answer ready for them: "If you do not like existing conditions, I can offer you a post on Novaya Zemlya or in Chukotka. You will get your pay without delays there."

The Last Parade Will Not Come

[Vandenko] Pavel Sergeyevich, a question not only to the defense minister, but also to an officer of the Airborne Troops. On 2 August the Airborne Troops mark their 65th anniversary, but there have been persistent rumors that this will be their last anniversary, because they are allegedly going to be disbanded. Is this true?

[Grachev] Nonsense! The Airborne Troops are the most formidable group of the Russian mobile forces. The paratroopers will celebrate their 70th and 80th anniversaries. It is another matter that the Airborne Troops should change their appearance in terms of increasing their assault potential and maneuverability both on the ground and in the air.

[Vandenko] In a word, there are no plans to merge the Airborne Troops with the Ground Troops, are there?

[Grachev] No, of course there are none. This is an independent combat branch that is part of the Supreme Commander's Reserve, so any merger is out of the question.

Of course, there are various views as to the future of the Airborne Troops. For instance, some people suggest that separate airborne brigades be turned over to military districts, as was the case formerly, when the brigades were called airborne assault brigades. In this case the brigades will automatically become a mobile reserve of the district commander. Some are even ready to hand over airborne divisions. Yes, there is such a viewpoint. But I do not see anything terrible or criminal in it. This is perfectly normal. It would have been bad had everybody been hanging on my lips, waiting for what I might say and then scrambling unquestioningly to carry that out. Maybe those who propose that the structure of the Airborne Troops be somewhat reorganized are partly correct but here, again, a collective opinion should be worked out, a common approach should be sought.

If you are interested in my personal opinion, I think that the Airborne Troops should be left as they are, plus they should be reinforced with tank and helicopter subunits, air-defense missile and self-propelled artillery units. The Airborne Troops should become a formidable and autonomous force that will make up the core of the Army's mobile forces.

A Portrait Against the Background

[Vandenko] Pavel Sergeyevich, I cannot help but look at Boris Yeltsin's portrait hanging behind your back. In one of your previous interviews you told me that you see Boris Nikolayevich as your leader and that you will quit your ministerial post the day Yeltsin stops being president. Hasn't your stance been shaken by the fact that Boris Nikolayevich was the first to raise his hand for your dismissal? Is Yeltsin still your leader?

[Grachev] You know, when Boris Nikolayevich was selecting his team he included me on it. As long as he displays confidence in me, I will be with the president to the end. This is unequivocal. Once a new head of state is elected, he will bring his men along. This is how it should be. Such a procedure occurs in all civilized states. Why should we stand out in any way? I will go together with the person who took me in his team. I think this would be a logical and correct thing to do. Unless, of course, the president dismisses me first.

Arms Exporters To Work as 'Unified Team'

MM0308120295 Moscow KRASNAYA ZVEZDA in Russian 29 Jul 95 p 3

[Interview with Boris Kuzyk, aide to the Russian Federation president on questions of military-technical cooperation with foreign countries, by Valentin Rudenko in Moscow under the "Military-Technical Cooperation" rubric; date not given: "The Right To Be a Special Exporter Is Not a Privilege;" from the 'Russian Aviation' section — first paragraph is KRASNAYA ZVEZDA introduction]

[FBIS Translated Text] We had long been planning to interview Boris Kuzyk, aide to the Russian Federation president on questions of military-technical cooperation with foreign countries. But he had such a tight schedule of trips, conferences, talks, and visits to defense enterprises that it was not that easy to carve out 90-120 minutes for a detailed discussion. The meeting took place not in Boris Nikolayevich's Kremlin office but at Moscow's "MiG" Aircraft Production Association, where he had gone to familiarize himself with production and to discuss with the enterprise's leaders the prospects for military-technical cooperation and where he agreed, at the same time, to chat with journalists from central publications.

[Rudenko] Under conditions of a sharp reduction in purchases of weapons and combat hardware for our own Armed Forces, many enterprises are pinning their hopes on exports of defense output to other countries. Unfortunately, their efforts in this direction are far from always successful. Have we developed a state system of military-technical cooperation?

[Kuzyk] The first mention of creating a system of military-technical cooperation with foreign countries was made three years ago. We know that the Soviet Union did not have one at all. There was the system of deliveries of military hardware, which was of an ideologized, political nature. Although sometimes we really did export weapons worth $14 and $18 billion a year, as a rule the country actually received no more than $2 billion in "live" money.

A well-balanced system of military-technical cooperation has now been created in Russia for the first time. Vertically it consists of the following: the Russian Federation president, the government, the State Committee for Military-Technical Policy, and special exporters. The first results of the new system's work eloquently attest to its high efficiency. Thus, last year our country made $1.7 billion out of arms sales. This year we plan to reach the level of $2.5 billion. There is every chance that we will increase this figure.

[Rudenko] Could you describe in greater detail how the system of military-technical cooperation functions and what role in it is allocated to the recently created State Committee for Military-Technical Policy?

[Kuzyk] The fundamental, conceptual decision to sell weapons is now made by the Russian Federation president. Then the Russian Federation Government, the State Committee for Military-Technical Policy, and other structures join in. The state committee really was created recently, just six months ago, but it has already managed to make its presence felt as a very mobile and capable instrument of federal executive power. One of the main tasks tackled by the state committee is to coordinate the actions of participants in military-technical cooperation in foreign markets: the Ministry of Defense, the Russian Federation State Committee for the Defense Sectors of Industry, the Ministry of Finance, the Ministry of Foreign Economic Relations, and other components.

In addition, the state committee engages in licensing activity, certifies the right of enterprises to enter foreign markets independently, and draws up and issues documents giving permission for the Russian Federation's customs borders to be crossed.

Whereas in respect of certain arms deliveries Russia used to be represented abroad by up to 25 intermediaries, many of whom had nothing to do with either industry or state structures, the need for such intermediaries has now fallen away. We are moving and will continue to move toward a normal, civilized market.

[Rudenko] What do you mean by a civilized market? How soon will we arrive at it?

[Kuzyk] The arms trade is an extremely complex thing. Three years ago the no. 1 task for us was to conduct market research. We based that work on a five-factor model, which included investigating the cycle of countries' military rearmament; assessing the economic potential of these countries and their financial standing; studying the political situation in the country and the political situation in the region; and familiarizing ourselves in detail with the system for making decisions to buy arms and military hardware in those countries.

That approach was made the basis for developing seven regional comprehensive programs embracing Southeast Asia, the Near East, Latin America, the China salient, and the European salient. We now know clearly to which country, at what times, and in what volumes we can actually sell weapons. Our potential competitors did not expect this of us. They believed that the Russian special exporters would carry on supplying equipment and weapons to other countries for a long time in accordance with the old scheme.

Having resolved the task of studying the market, we embarked on its practical assimilation. Do you know why our competitors are now acting against us so aggressively? Because we have started not just regaining our old markets but also winning new ones that were unknown to us previously. I have in mind Kuwait, with which we concluded a contract worth $700 million, and Malaysia, where, thanks to the earnest and very well-considered efforts of the MAPA [Moscow Aircraft Production Association] and the "Rosvooruzheniye" State Company, we succeeded in realizing a contract to supply MiG-29 fighters. It has already been practically fulfilled. Literally on the dot.

[Rudenko] Today a lot of good words are being said about "MiG" MAPA, but even it had to go through fire and water, as the saying goes, to secure the right to independent foreign economic activity.

[Kuzyk] Yes, it really was long, hard work. Dozens of enterprises aspired to the role of the first special exporter-producer. But an experiment conducted in 1992, when something like 12 players emerged onto the foreign market at once, showed that it is very hard for a single producer to independently embrace and resolve the whole range of problems.

As for "MiG" MAPA, here we see a unique combination of two factors: on the one hand, the very real experience of leaders with a thorough knowledge of production and, on the other, an influx of new young forces which take a modern view of the market and know clearly how to work on it. It was the symbiosis of experience and professionalism that enabled the association to score significant successes in foreign economic activity. Targeted marketing programs have been developed at the enterprise. Very great work is being done on new market segments in Southeast Asia, Latin America, Africa, and Europe. The FRG's best pilots are also flying MiG-29's today.

[Rudenko] What strikes you as most interesting and useful in the work of the "MiG" MAPA as a special exporter?

[Kuzyk] Above all, the association's conceptual approach to questions of military-technical cooperation. Its essence is that "MiG" MAPA offers not just the MiG-29 fighter but also a modern training complex and modernization and servicing of aircraft supplied earlier. This was a revelation to many of our partners.

I believe that today we are witnessing the birth of a very strong Russian structure, which in the long term will become a multinational aviation corporation.

[Rudenko] Apart from "MiG" MAPA, are there any other enterprises which could aspire to the role of a special exporter?

[Kuzyk] First of all, I would like to comment that independent foreign economic activity is not a privilege but a very great financial and organizational burden. By no means every producer is capable of this; only powerful state companies can handle it. But even these, in order to land major, multimillion-dollar contracts, have to work not on their own but in close contact with government structures and other major special exporters. The Malaysian contract, for example, could well not have happened if MAPA or the "Rosvooruzheniye" State Company had not acted in tandem.

We believe that in the elite of the defense industry, which creates weapons and combat hardware for the Air Force, the Navy, the Air Defense Forces, and the Ground Forces, there are now several breakthrough sectors whose representatives have formulated their strategy and have already started to realize it. This means that the circle of enterprises which are special exporters will expand in the long term.

[Rudenko] What niche in the arms market, in your view, would suit Russia today?

[Kuzyk] I believe that within the next few years we will attain 2.5, 3, 4, even 5 billion dollars. But I would not say that we will succeed in the foreseeable future in increasing the volume of sales to, say, $15 billion. It is possible in principle to attain such a figure, but this would require a credit line for 15-20 years. We simply do not have that possibility today.

[Rudenko] In the opinion of many defense enterprise managers, one of the bottlenecks in military-technical cooperation is the lack of a normative-legal base. For example, for more than a year there has been talk of a law on military-technical cooperation, but it has still not been adopted. There is also an acute need for a number of other normative acts....

[Kuzyk] Yes, this really is so. In order to resolve the problem as quickly as possible, we have drawn up appropriate documents governing foreign economic activity in parallel with creating a system of military-technical cooperation. A draft law on military-technical cooperation has now been drawn up and is being examined in the State Duma. The next stage will be the adoption of a whole package of legally binding acts.

The system for licensing export deliveries of weapons, for example, will be subject to major reform. A decree on this has already been prepared. A statute on the procedure for certifying enterprises' right to enter foreign markets independently and a number of other important documents defining the procedure for state control over the arms trade, for attracting nonbudget sources of funding for export programs, etc are at the stage of being agreed. A statute on the procedure for conducting exhibition activities and holding talks has been prepared. There used to be total confusion over this question. There were 12 special exporters and as many as 100 intermediaries, who frequently acted not as partners but as competitors in foreign markets. But now, before putting a particular product on the market, enterprises will be obliged to reach agreement at home, to determine whose chances are greatest in a given market, and to act abroad as a unified team.

In order to ensure that work in the sphere of military-technical cooperation is as efficient as possible, an interdepartmental coordinating council has been set up. In addition to members of the Russian Government, it includes representatives of the Ministry of Defense, the Russian Federation State Committee for the Defense Sectors of Industry, the Ministry of Finance, the special services, the Ministry of Foreign Economic Relations, the State Customs Committee, and other interested departments. A decision of this council is binding on everyone. In addition, a coordinating oversight council is functioning under the "Rosvooruzheniye" State Company.

As regards the prospects of the market for aviation equipment, according to our forecasts it will not undergo any sharp reduction in the next few years. Experts assess its capacity at between 100 and 200 combat machines a year. This is not counting trainer and transport aircraft. Russia has every chance of playing one of the first-violin parts in the high-tech market.

Pacific Fleet Aircraft Carriers To Be Destroyed

OW0408101495 Vladivostok Radio Vladivostok Network in Russian 0210 GMT 1 Aug 95

[From the "Lunch Hour Break" program]

[FBIS Translated Text] A protocol of intent to cut up the aircraft carriers Minsk and Novorossiysk for scrap metal on Russian territory was signed yesterday by the Pacific Fleet command and the Dalintermet Joint Stock Association of the Nakhodka Free Economic Zone.

As was reported earlier by ITAR-TASS the two largest ships of the Pacific Fleet, with a displacement of 140 tonnes each [as heard], were sold for scrap metal to a South Korean company. However customs did not release the aircraft carriers since the inspectors could not inspect the warships which were thoroughly moth-balled by the fleet's sailors. According to Pavel Glushko, general director of Dalintermet, his enterprise salvages decommissioned ships, and he sees no problems in scrapping the Minsk and the Novorossiysk. At present, specialists are salvaging the cruiser Varyag, which is being turned into pieces of metal for the blast furnaces right before one's eyes.

Military Food, Financial Shortages Detailed

95P50155

[FBIS Media Note] According to an INTERFAX report on 21 July, the Information and Press Department of Russia's Defense Ministry has declared that the food supply situation in the Russian armed forces is "critical." The report also stated:

— Many military districts and fleets are dipping into emergency rations to feed their personnel.

— The military's 1995 budget allocation for food covers only about 25 percent of its needs. Defense Minister Grachev has requested the government allocate an additional 2.5 to 3 trillion rubles for food.

A 12 July article in the independent newspaper MOSKOVSKIY KOMSOMOLETS provided further evidence of food shortages, reporting that troops on the battle lines in Chechnya were being fed "any old way" and that even "bread and dry crust" have "disappeared" from their "food allowance."

In a 4 July "Novosti" newscast, Grachev said that the military had managed to "make ends meet" so far this year by selling surplus equipment, but now there is a "catastrophic shortage" of funds and practically nothing to sell except "obsolete equipment that does not market well." He added, however, that local governors "have been helpful with food supplies."

In May the Defense Ministry's newspaper, KRASNAYA ZVEZDA, reported that local authorities have not been entirely sympathetic to the military's plight. It claimed that "precisely" when the military says it does not even have money to pay for food the authorities begin "cutting units off" from municipal services because they cannot pay their bills.

Federal Assembly

Duma Press Release Warns Federation Council

LD0308185095 Moscow ITAR-TASS World Service in Russian 1729 GMT 3 Aug 95

[FBIS Translated Text] Moscow, 3 Aug (ITAR-TASS) — "Ivan Rybkin held a sitting of the Public Consultative Council under the chairman of the State Duma of the Russian Federation," the State Duma press service reported today. A press release says in particular that "henceforth, State Duma deputies intend to strictly ensure that constitutional norms are observed during the consideration in the Federation Council of laws passed by the State Duma."

"If after being passed by the State Duma a federal law is not considered by the Federation Council within two weeks, it must, under the Constitution, be sent to the president of the Russian Federation to be signed," Ivan Rybkin stressed. "Otherwise, we will be forced to appeal to the Constitutional Court."

The State Duma press service release also notes that "the representatives of the State Duma decided to take such a firm stance after the Federation Council started considering the law on the formation of its chamber beyond the deadline laid down by the Constitution, while in actual fact not being entitled to do so."

"The participants in the sitting devoted special attention to the problem of strengthening the centrist forces on the eve of the parliamentary elections," the document says. "The chairman of the State Duma believes that it is precisely political centrism that is capable of ensuring Russia's steady movement toward civil peace and social democracy. He expressed the conviction that after the elections to the State Duma, the supporters of the political center will be able to collect up to 30 percent of the votes in it and thus ensure the house's stable legislative work. Ivan Rybkin confirmed also that the center-left bloc, which he heads, and Russia's Agrarian Party will cooperate closely in the elections in single-seat constituencies."

Duma To Examine Constituencies Bill During Recess

LD0308143395 Moscow Radiostantsiya Ekho Moskvy in Russian 1200 GMT 3 Aug 95

[FBIS Translated Text] The required 90 deputies' signatures under the demand for convening an extraordinary session of parliament's lower house were collected in the State Duma today. This was reported by Deputy Aleksandr Yegorov, one of those who took the initiative to convene this session.

I remind you that the deputies suggest that they assemble during the parliamentary recess in order to examine the bill on defining territorial constituencies for elections to the Duma. Since the signatures have been collected, according to the regulations the State Duma is now obliged to assemble.

However, we were told by Viktor Ilyukhin, chairman of the Duma Committee for Security, that the position of Speaker Ivan Rybkin could prevent the session taking place:

[Begin Ilyukhin recording] The evasive position of Ivan Petrovich [Rybkin] is placing me on my guard somewhat: It is difficult to assemble, great financial costs are involved, and so on. I understand that he is ready to present and defend — as he has been doing recently in the Duma — the interests of the president and the government, whereas when it was necessary to tackle the question of confidence or no-confidence in the government, he convened an extraordinary session on 1 June. The money was found and the question of the financial aspect was not an issue altogether. [end recording]

For the time being, the precise date of the session has not been set. It will probably take place on 11 August.

Delayed Submission of 1996 Draft Budget Criticized

LD0308161595 Moscow ITAR-TASS in English 1357 GMT 3 Aug 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, August 3 (ITAR-TASS) — Mikhail Zadornov, chairman of the State Duma Committee for budget, taxes, banks and finances, expressed his displeasure with the Russian government's decision to take one more week for elaborating the draft of the budget for 1996.

He told this to journalists today at the State Duma where he returned after the end of a closed meeting of the government which discussed the draft of the budget for 1996.

According to the chairman of the committee, the government wants to elaborate a number of essential points in this document.

At the same time, he stressed that these issues could have been discussed much sooner as under the law on the order of adopting the budget, a draft of this document must have been submitted to the Duma by August 1.

Mikhail Zadornov noted that the draft of the budget "still has some half completed clauses, as well as problems on the whole in the construction of the document".

The chairman of the committee also criticized Russian President Boris Yeltsin's decision to postpone to autumn presenting to the Duma of a candidate for the post of chairman of Central bank of the Russian Federation. He stressed that this was a violation of the law on the Central bank.

Centrists To Play Important Role in Future Duma

LD0308191995 Moscow INTERFAX in English 1758 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 3 (INTERFAX) — Chairman of the State Duma, Russian parliament's lower house, Ivan Rybkin is convinced that it is political centrism that can ensure Russia's sustained movement towards civil peace and social democracy.

Rybkin told a meeting of the Social Consultative Council that he presided over Thursday that centrists will win up to 30% of the seats in the future State Duma and ensure its stable legislative work.

The Duma press service said Rybkin had stated that his left-centrist bloc and the Agrarian Party of Russia, led by Mikhail Lapshin, will cooperate closely at the elections in single-mandate constituencies.

Commenting on the interaction of the houses of the Federal Assembly, Rybkin emphasized that the Duma will from now on "strictly observe" the implementation of constitutional principles by the Federation Council, the upper chamber, while approving laws passed by the Duma.

"If a federal law is not considered by the Federation Council within two weeks after passed by the State Duma, it should be submitted for signing by the Russian president in accordance with the Constitution," Rybkin said. "Otherwise, we will have to turn to the Constitutional Court," he added.

Rybkin said the State Duma had decided to take such a firm stand after the Federation Council had begun to consider the law on its own formation when the deadline had already expired, virtually not having the right to do so.

Boris Fedorov Analyzes Duma Performance

954F2952A Moscow LITERATURNAYA GAZETA in Russian 26 Jul 95 No 30, p 10

[Article by Boris Fedorov: "Deputies and Bureaucrats: They Are Getting Increasingly Uncomfortable Sharing One Building — State Duma Deputy Boris Fedorov Ponders One of Last Week's Significant Events"]

[FBIS Translated Text] [begin box] As is known, most of the LITERATURNAYA GAZETA readers who sent in replies to the question of who they wanted to see as president of Russia after the 1996 elections named Bors Fedorov. The presidential elections are still a long way off, however.... Today B. Fedorov ponders some aspects of the State Duma's work. [end box]

The last plenary session of the State Duma was held on Friday. The Duma took a summer recess. It is unlikely that after 1 October the deputies will be able to work normally: Most hope to make it to this distinguished assembly for the second time, and this is what will mainly be on their mind. Thus, for all intents and purposes the Duma has gone almost all the distance set for it. Therefore it makes sense to look back—what kind of Duma was it?

Who Is Better?

If we compare the Duma to the Supreme Soviet, which ceased to exist in October of the year before last, the comparison, of course, will be in favor of the Duma. Despite all the criticism heaped at the current deputy assembly, it is nevertheless more professional. The qualitative composition of the Duma is better, albeit not by much. And if we take some committees—the Budget Committee, for instance—the difference is very noticeable. As former minister of finance, I can certify that in the corresponding structure of the Supreme Soviet there was nobody one could talk to on a professional level. Now, on the other hand, there are highly qualified economists in the Duma committee-candidates and doctors of science; there are people working in the state apparat in this field; there are bankers.... The same may be said about a number of other committees.

The Supreme Soviet's sad demise by itself left a certain imprint on the deputies' psyche. Although there is enough shouting and opposition there, they are nevertheless apprehensive about getting into a serious confrontation with the executive branch. The indicator of this was, in particular, the vote of no confidence in the government and the latest discussion of Chernomyrdin's report on the socioeconomic situation in the country.

On the other hand, such indecisiveness is, of course, not only a plus but also a minus.

Pluses and Minuses—Which Is Greater?

The main plus, the Duma's greatest success, was that this time it elected, let us put it this way, not the worst speaker. Compared to Khasbulatov—the difference is like night and day. It is quite obvious that Ivan Petrovich Rybkin is not a statesman-level figure (although, of course, he is trying to become one), and therefore there is simply no one to rouse parliament into a mortal battle with unidentified foes, as under Khasbulatov.

The executive branch, in turn, has become less inclined to pick a fight. During my time in the government it was simply this way: If you say something really nasty or derogatory about the Supreme Soviet, it sort of immediately makes you one of the team. The situation was more or less the same during the initial stage of the Duma's existence. Almost every minister who came to the deputies with a proposal, attached an ultimatum to it: "If you do not pass this law, we will issue an edict!" There was also a notorious incident when deputies were not allowed into the Kremlin for some meeting.... In short, it was quite easy to take the well-trodden path of confrontation. Thank God, it was not done. They smartened up. There is more information coming from the government now. State secretaries positions have been created. A department was set up in the government. Even Viktor Stepanovich does not shun dropping by the Duma once in a while and delivering some historic line, as, for instance: "We wanted to do better but it came out as usual...."

Another plus: The deputies have begun to better understand the country's real problems, albeit not yet fully. Again, compared with the beginning of 1990's, most speeches delivered in the Supreme Soviet of the time were sheer hysterics—either democratic or communist. Everything was painted either black or white—no other shades. Today we have grown up somewhat. If in 1990 we, figuratively speaking, attended first grade, today we are finishing the fifth and will soon start the sixth.

Speaking of minuses, among them is the Duma's obvious toothlessness. The president, and actually everybody else, constantly ignores the law. Nobody in the Duma wants to stick his neck out and protest, however. We pass the law—and that is it. The rest is none of our business.

Among the other minuses is this repressed, deep-seated fear. Budget debates, for instance, proceed in this atmosphere of fear every time.

It is just hanging in the air: "If we do not adopt it, we may get disbanded...." And so they adopt it.

What Is Bad About a Good Law

The Duma is usually reproached for adopting too few laws. And not the kind that are needed. It is, however, incredibly difficult to stick to priorities. The very procedure of adopting a law is terribly complex: discussions in committees, submission to the council, three readings at the plenary session.... I have to add that on top of that, the deputies' work conditions are very difficult. I can anticipate a smirk on some readers' faces: Of all people, for deputies to complain about their conditions—but this is indeed true. The Duma has a huge staff doing who knows what, while the main actor—the deputy—does not have enough aides. And no room to seat those he does have. Quite often, five or six people are crowded into one small room day in, day out. Not to mention accommodating experts somewhere close by—this is completely out of the question....

The main, fundamental reason for ineffective lawmaking, however, is the insufficiently professional level of many deputies. Most of them are simply incapable of writing a law. There is no contradiction here with what I said earlier, comparing the professionalism of the Duma and the former Supreme Soviet. Yes, the Duma is more professional. Let us look at things realistically: It will take time to radically raise the quality of the deputy corps. A considerable amount of time. The parliament's composition ought to get better with each passing election.

The main problem, however, is not the quantity of adopted laws—it is whether it made any sense to adopt them in the first place. We adopted, for instance, a law on veterans. Not a bad law, apparently. But here is the problem: Is anyone complying with it? Are people getting what the law provides for them? Not at all! So what was the point, I ask, in deceiving people? Or take the law on the Central Bank. Also seemingly of good quality. Nevertheless, Tatyana Vladimirovna Paramonova lives and operates in a seemingly different dimension, outside the usual three-dimensional space. As a result, despite the existence of a good law, the institution she is the temporarily in charge of is not becoming what it should be—a normal Central Bank.

There are also laws that are simply monsters. For instance, the amendments and additions to the law on military service—adopted by the Duma, as is known, in three readings all at once and on top of that by acclamation. This is a total shame! Instead of reducing the military to a strength of 1 million, making it compact, mobile, modern, and professional, the Ministry of Defense leadership continues to try to win by quantity, to inflate, "bringing troops up to strength," despite the fact that, as it turns out, there is not enough money even to sustain the current strength. And so young men are drafted in, their lives ruined, and all of this so that the military can support as many generals' jobs as possible and has enough manpower to build generals' dachas.... And the Duma goes along with all this.

More or less the same can be said about the Land Code, recently adopted in the first reading. It turns our agriculture in a direction directly opposite to the one it should be moving in.

So the point, I repeat, is not only the quantity of the laws adopted and not the speed with which they are adopted.

At the same time there are, of course, quite a few legislative acts on which the Duma procrastinated for an impermissibly long time. For instance, in the area of criminal law. We should have long ago had laws on securities, joint-stock companies, deposit insurance.... This is just within my economic subject area.

Do Deputies Have an Influence on Policy?

Undoubtedly, the Duma did have some influence on policy. Although in this respect the situation is the same as with respect to laws: Sometimes it would be better if it did not have such influence. It is clear, for instance, that the current deficient state of the agrarian sector has developed partly on account of the Duma. It is the Duma that stuck Minister of Agriculture Nazarchuk into the government. It is the Duma that insisted on credits and subsidies, which were subsequently, to put in plainly, squandered....

At the same time, it should be said for fairness' sake that there was positive influence as well. For instance, on the policy toward Yugoslavia. Thanks to the fact that democrats have managed to join forces with a number of other factions and work out relevant recommendations, we stopped following unequivocally the U.S. lead in this respect. Now, as is known, our position is that there is no proof that Yugoslavia provides any military aid to Serbs in Bosnia or Croatia, and therefore sanctions against Yugoslavia should be lifted.

Overall, however, the Duma's influence on policy is small, of course. In the area of economic policy, which is closest to me, this influence is altogether unnoticeable and indistinct. This is happening, of course, first and foremost because of the situation in the Duma itself: Viewpoints within it are frequently diametrically opposite, and therefore, as a rule, it is impossible to form some explicit common position.

Has the Duma Become a Parliament?

For me, the answer is an unequivocal "no." The main reason is that we currently lack a ruling party and, correspondingly, the Duma has no majority, or at least 40 percent of the deputies representing this party or a ruling coalition. This is the main minus, the main problem keeping the Duma from functioning effectively.

I realize that in many people this combination of words—"ruling party"—causes an allergy, but I do not imply by it anything resembling the memorable CPSU. By ruling party I mean a normal party that has won normal, honest elections. As occurs in all normal countries with a democratic system.

This—the absence of a ruling party majority—is what produces all the chronic schizophrenia we observe all the time in the Duma's work. Too many deputies, who are busy mainly taking care of their personal affairs; deputies, who—how to put it mildly—simply sell themselves.... In my estimation, they comprise up to one-third of the Duma. There are too many structural cells—factions, groups—created not as political entities but by some other principle. Take, for instance, Women of Russia, "Russia...."

A recent graphic illustration of the Duma not measuring up as a parliament: During the vote of no confidence in the government, more than 100 deputies were present in the room but did not vote. They did not even abstain—they simply did not vote. In principle, a person elected to a national parliament does not have the right to remain neutral—he has to be either for or against. In practice, in countries with developed democracy there are usually 5-10 percent of those who abstain from time to time. Here, however, 100 out of 400 deputies do not cast a vote on a question of utmost importance!

How Many Are There? Where Are They Driven?

The Duma has been turned into a ministry. Too many staff, too many bureaucrats. A huge number of various services, whose purpose is sometimes unknown. For instance, the Analytical Center. What does it do? Write memoranda for Rybkin? At the same time, it can be exceedingly difficult to resolve a trifling housekeeping matter. It takes an enormous amount of time and energy. For instance, in order to get shades for our room (the sun made it impossible to work) we had to literally resort to terrorist methods....

The ministerial atmosphere, the preponderance of the apparat, and Soviet era bureaucratic traditions only boost the attitudes that have always been deep in deputies' hearts anyway. Having become people's elected representatives, many quickly forget all their election promises. With all their zeal and energy, they begin fixing their own affairs. They jump at all sorts of handouts like cars at one-third of retail price (LogoVAZ threw this kind of gratuity to deputies once), subsidized vacation vouchers, dachas, and so on. Those from the provinces begin hustling for Moscow apartments....

Trips abroad are a special subject. It would be good to publish in LITERATURNAYA GAZETA the list of those of the 400 deputies who have gone abroad at the state's expense, and how many times they did so. I would be extremely surprised to discover even 10 persons who have not made a single trip. There are fights in every faction for such trips. Everybody struggles to get into commissions and groups that plan to visit the parliament of some faraway country, the Council of Europe, or some other place. On average, I think, each deputy has made between five and 10 trips. Such are deputy activities on the way out, so to say....

What To Do?

I think that the first order of improving the operation of the lower house is to change the constitution: Include a provision in it that after the elections—shall we say, within a month—the parties and movements that made it to the Duma must form a ruling coalition. And if this cannot be achieved, new elections should be called.

Next—and this is also on the level of constitution—some Duma powers must be expanded. Currently these powers are, of course, too truncated.

The role of the speaker and his deputies should be shrunk and brought down to the level they are actually at. Right now our Duma has a speaker who is, let me put it this way, a nonentity. And this is good. He is supposed to be a nonentity. At the same time, Ivan Petrovich behaves as if he is at least a minister. And correspondingly, each of his deputies looks like a deputy minister. They have gigantic staff, guards.... They sit in the presidium, and you, the deputy, have to constantly address your speech to them. And as a result they look at you all the time like bosses. I would organize things the way it is done in England: Deputies sit on opposite sides, and look at each other. Here are those more to the left, and here are those more to the right. Because when you are saying something, you are saying it to the opposite side, your opponents. As to the speaker, let him sit somewhere on a side bench so he will not be particularly visible.

And, of course, it is important to ensure that elections are held properly. Everybody is very concerned over potential falsification, juggling of the results. Ryabov should not take offense just because people are anxious. This problem is particularly acute in some ethnic republics. People there say they can already predict now, to a fraction of a percent, who will get how many votes.

But even without falsification, the important question is who the people will vote for. I would like to appeal to voters for the 1001st time: Just do not believe any words! Look into the person's eyes. Let him give you a written commitment regarding what he promises to do when he becomes deputy. Whether he will keep voting for increases in his own salary. Whether he will vote for or against dachas for the State Duma.... Let him put it in writing and sign it, so that he can be held to his word later. Ask whether he belongs to any party or movement. We have a completely false impression that we need to vote for a particular person instead of a party. As I have already said, a person, having become a deputy, and especially someone who came from the provinces, quickly forgets all the promises he made to his constituents. Now his main task is fixing his own affairs. This is manifested particularly prominently among the so-called independent deputies who are outside parties and movements. Affiliation with a certain political structure does impose a certain discipline, restrains the self-enrichment and acquisition zeal, although, there are, of course, exceptions in this respect too.

Not only a particular party but the Duma itself should work on restraining this zeal. I would limit, for instance, treasury-paid junkets to one or two a year. This is quite enough. Travel around the country! And the money saved on this could pay for twice as many aides.

For the same purpose it would be worthwhile to cut the Duma apparat, stop paying for dacha maintenance.... And many other "architectural excesses."

Will the Next Duma Be Better?

I think it will. People get smarter. It is becoming increasingly more difficult for windbags to make it to deputy. I will even venture a figure: I think the quality of the Duma will improve by 5-10 percent. That is, the number of professional and responsible members of this body will increase by 5-10 percent.

There is much scary talk right now regarding the alleged red tide. I think there is no such tide. I have traveled around many regions, visited 47 cities in Russia (if I had my own aircraft, I would have crisscrossed it all over), and I can attest that, in truth, people do not want to go back to "developed socialism."

We are told: Look at Poland, Hungary, the Baltics—people there also want to go back under the wing of the communists, which now have turned into socialists and social democrats. We should not be compared with the Baltics, however. Over there, the communists were replaced by the true right, people who indeed wanted to build pure capitalism and implement drastic liberal-conservative ideas. People did not like it. People demanded to "backpedal a bit." Hence, a certain rollback. Here, on the other hand, the communists have never left. They only changed colors somewhat. Learned some buzzwords. What do we need to roll back from? Who is supposed to come back? The communist Zyuganov to replace the communist Chernomyrdin? This is laughable. The democrats here have never won yet. They have never been in power in Russia.

Right now, I think, two main democratic wings are gradually being formed—ours and Yabloko. Yavlinskiy is more to the left. Using American terminology, his bloc would represent the Democrats, or British terminology—the Labor Party. We—Forward, Russia!—are more to the right, probably are closer to republicans and conservatives, respectively. Hence, we should aim at forming in time a ruling coalition on this basis.

Of course, in the December elections we will not yet be able to achieve this unfortunately. The strategic task is clear, however: By gradually strengthening these two wings, in the end to displace from prominent positions factions of the likes of the communists, agrarians, and the Liberal Democratic Party of Russia.... Historically, they are doomed, of course; however, in our land the phase of historic doom may last a very long time....

Regional Issues

Reportage on Chechen Talks, Accord, Implementation

Imayev's Dismissal Devalues Talks

MM0308112895 Moscow IZVESTIYA in Russian 3 Aug 95 p 1

[Report by Igor Rotar: "Imayev's Removal Complicates Chechnya Talks"]

[FBIS Translated Text] Vyacheslav Mikhaylov, head of the Russian Government delegation at the talks in Groznyy, viewed Usman Imayev's removal from the Chechen delegation's leadership as a "violation of the previously reached accords in relation to the list of participants in the talks." "During the talks Imayev, was inclined toward compromises, and a sober-minded politician frightens Dzhokhar Dudayev," Mikhaylov stressed in an interview with ITAR-TASS. The same agency claims that the reason for his removal is Dudayev's dissent from the agreement signed by the Russian and Chechen sides. "Dudayev does not agree with certain points of this agreement, but they are insignificant," Aslan Maskhadov, chief of staff of the Dudayev formations, told a representative of the federal troops at the Chechnya Joint Command Press Center.

At the same time there was no escaping confusion. In a conversation with IZVESTIYA's correspondent Arkadiy Volskiy, deputy head of the Russian delegation, categorically disagreed with the assertion that Imayev's dismissal was prompted by the Chechen president's dissatisfaction with the agreement signed. "Had Dudayev appointed not Yarikhanov but somebody else as head of his delegation, it would have been possible to agree with this viewpoint. But after all, Yarikhanov himself approved the agreement," Arkadiy Ivanovich said in bewilderment in a conversation with me. An ITAR-TASS correspondent was informed by Movladi Udugov, information and press minister in the Dudayev government, that "the Chechnya defense committee considered and approved an agreement on military questions late on Tuesday evening at a session chaired by Dzhokhar Dudayev."

The current confusion is extremely typical of the Chechen-Russian talks. It is yet another indication that Moscow's representatives do not really know themselves exactly whom they are conducting talks with, while the Dudayev side is far from united in its positions.

The disgraced Chechen president's decision must not be considered merely sensational or even simply unexpected. Essentially it flows logically from Dudayev's previous interviews. Thus, the Sunday before last [23 July], speaking on underground Chechen television, the rebel president stated that he considered the current talks unpromising, since they were being "conducted by hairsplitters."

Of all the members of Dudayev's delegation the gunmen trusted its leader — Imayev — least of all. It is interesting that before the agreement was signed Dudayev issued an edict saying that the agreement with Moscow would be valid only if it was signed by all his representatives and not just the head of the delegation.

Rumors that Imayev is an FSB [Federal Security Service] agent have been circulating in Chechnya for quite a long time. Last fall Chechen General Prosecutor Imayev was captured by opposition gunmen and taken to the Lubyanka in Moscow. But a little while later the general prosecutor was released and safely returned to Groznyy.

"You know, I used to think that the exaggerated rumors about Dudayev delegation leader Usman Imayev's being an FSB agent were a blatant canard, but now I am simply confused...! Nobody has stripped delegation members of their powers yet. God forbid that Dudayev should commit this act of folly," Volskiy confided to IZVESTIYA not so long ago.

Thus Volskiy's fears have been confirmed at least partially, and the person Moscow's representatives themselves acknowledge to be the "most suitable" member of Dudayev's delegation has been removed from participation in the talks.

Nor must it be forgotten that, according to Volskiy, some field commanders are no longer obeying Dudayev, and consequently even if the latter recognizes the current agreement hostilities will continue.

So it seems that IZVESTIYA's (28 July) forecast is coming true: The current talks are a political show, and the war will continue irrespective of their results.

Peace 'Remains in Force' Without Imayev

MK0308132695 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 3 Aug 95 p 1

[Report by Yulia Kalinina from Groznyy: "Imayev Has Gone. The Treaty Remains"]

[FBIS Translated Text] Groznyy is presenting the dismissal of [Usman] Imayev, leader of the Chechen side at the negotiations, as a purely personnel-related question.

On Monday evening [31 July], a conference of the Ichkeriya Republic Security Council discussed the signed agreement and heavily criticized Imayev: He stepped aside too far from the positions coordinated with the president and delegation members; he did not have a good working relationship [with delegation members]; he "pulled the blanket his way," and the like. As a result, he offered to resign as chief negotiator, and Dudayev did not seek to persuade him to stay on. In other words, Imayev "has been transferred to a different job at his own request."

The new delegation leader — Khozhakhmed Yarikhanov, Ichkeriya education minister — said that Dudayev's discontent was aroused by "certain formulations." In particular, the Russian side proposed describing the current events as a conflict on the territory of Chechnya, and the Chechen side, as a war between Chechnya and Russia. After a long debate, the delegations found a compromise: In the text of the agreement this "blood bath" is simply referred to as "the situation."

According to Yarikhanov, the signed treaty remains in force. However, the Chechen side will apparently seek to revise some of its formulations.

According to unconfirmed reports, Dzhokhar Dudayev's house in Groznyy was blown up tonight. The president has thus far been beyond journalists' reach, but he is expected to appear in Groznyy in a couple of days.

Moskhadov's order to stop the fighting as of 0000 hours on 2 August has apparently not reached all addressees yet. In any event, on Wednesday [2 August] night, not only men with automatic rifles were running around Chernorechye, but armored vehicles were also moving back and forth frightening sleeping civilians with volleys of gunfire.

On Wednesday the Chechen side presented a list of nine prisoners. As one field commander explained, it is very difficult to trace all the prisoners at once. "Do you think they are sitting in special cells? Who would be guarding them...? No, they are being carried along to fighting positions. They sit in trenches and load ammunition clips. Then some begin to fight: It is boring to sit just like that. If they were captured a long time ago, nobody may even remember that they are prisoners."

The Chechen side brought two prisoners to the negotiations, and the Russian side, three prisoners. They were exchanged in spite of the fact that Moskhadov had expected to get more: Under the agreement, the exchange is to be based on the "all for all" principle, that is, all those captured by one side (no matter how many) are to be exchanged for all those detained by the other side.

Yarikhanov Seen as 'Intransigent'

MK0308115895 Moscow SEGODNYA in Russian 3 Aug 95 p 1

[Report by Mariya Eysmont: "Dzhokhar Dudayev Agrees To Comply With Groznyy Accords. Further Talks To Be Headed by 'Intransigent' Education Minister"]

[FBIS Translated Excerpt] Yesterday [2 August], the Chechnya Defense Committee under Dzhokhar Dudayev approved the agreement on the package of military questions which had been signed by the negotiating sides in Groznyy. At the same time, the president of Ichkeriya [Chechen name for Chechnya] dismissed Usman Imayev as head of the Chechen delegation, replacing him with Khozh-Akhmed Yarikhanov, education minister in the Dudayev Government.

Khozh-Akhmed Yarikhanov has already filled in for Imayev during the talks when the latter posed as "sick." Notably, the replacement occurred precisely at a time when the delegation of Dudayev loyalists agreed in principle with the phrasing on Chechnya's status proposed by the Russian side. The Russian proposal was rejected, however, because of the opposition of many field commanders; Usman Imayev had already acquired a reputation as an overcompromising and easily agreeing person, something that the "implacable" ones from the Dudayev camp clearly did not like. The following day, though, the Chechen general prosecutor "recovered" and once again took his seat as head of the Chechen delegation.

During just one day as head of the Chechen delegation, Khozh-Akhmed Yarikhanov still had time to impress his Russian counterparts in the talks as "undoubtedly an extremely clever but uncompromising person." At any rate, the statement by Information and Press Minister Movladi Udugov of Ichkeriya that "Yarikhanov's appointment will not affect the progress of the talks in any way" raises certain doubts. Generally speaking, the replacement of a delegation head after negotiators have achieved indisputable success cannot but give rise to the conclusion that any further accord is clearly undesirable for the president of Ichkeriya. [passage omitted]

Teams of 'Experts' Meet in Groznyy

LD0308140195 Moscow ITAR-TASS World Service in Russian 1105 GMT 3 Aug 95

[FBIS Translated Text] Groznyy, 3 Aug (ITAR-TASS) — Working groups of experts of the Russian Government and the Chechen delegations — the special supervision commission (SSC), of the commission for the exchange of POWs and forcibly detained persons and also of the commission for political issues — are holding closed sessions in Groznyy today within the framework of the negotiating process. According to the press center of the Russian joint group of forces' command, "today's consultations are taking place in a positive atmosphere."

Questions of starting the process of disarming the illegal formations and withdrawing from Chechnya are being discussed by the cochairmen of the SSC (it was set up to monitor progress in implementing the military agreement) — by the Anatoliy Romanov, commander of the Russian joint group of forces, and Aslan Maskhadov, chief of the main staff of the Dudayevite forces. It is not ruled out that after the announced break in the commission's work until 1500, the sides will today start agreeing questions of the exchange of maps detailing the deployment of troop formations and maps of minefields.

During the morning session of the commission for the exchange of forcibly detained persons, the Russian side reproached the Chechen side for not complying with the deadlines for handing over lists of federal servicemen held captive. According to the Russian Interior Ministry, there are 36 of them. Consultations between the commission's cochairmen, Vladimir Ivanov and Isa Madayev, will resume today after the break. The Chechen side promised to hand over the lists as far back as 1 August.

Consultations between the sides on the package of political issues, in particular on the problem of the formation of a transitional government in the republic, are also taking place today. The Russian team of experts is headed by Vladimir Zorin, the first deputy head of the Russian regional executive authority in Chechnya.

Also taking part is Zandi Chaltayev, chairman of the State Committee for Management of State Property of the National Revival Government [of Chechnya].

Coalition Government To Be Proposed

LD0408134195 Moscow ITAR-TASS in English 1331 GMT 4 Aug 95

[By Yekaterina Zhilyakova]

[FBIS Transcribed Text] MOSCOW August 4 (ITAR-TASS) — The focus of the new round of the Groznyy peace talks will be on political issues, Ordzhonikidze Shchashchayev, a member of the Russian governmental expert group, told ITAR-TASS before leaving for Groznyy.

The new round, which opened in Groznyy on Thursday, will be continued by Russian and Chechen working groups, whose task is to draft a political agreement.

The Russian delegation is led by Vladimir Zorin, deputy head of the territorial federal executive administration in Chechnya.

Major subjects of the talks will be elections of executive and legislative organs in Chechnya.

The elections are set for November-December of this year.

Shchashchayev said the Russian side would propose that a provisional coalition government and a legislative body, to be named Public Chamber, be set up in Chechnya for the pre-election period.

The Chechen side gave tentative consent to this proposal at previous rounds of the talks.

The working groups are to offer their lists of candidates for the provisional authorities.

It is expected that candidates will include members of the Dudayev government and administration, and Chechen opposition members proposed by the Russian delegation.

Membership quotas are to be negotiated during the present round of the talks.

The Public Chamber will be formed from delegates of public groups, or Chechen tribal clans, and religious organisations.

The delegations will also discuss the status of the Russian president's representative for Chechnya, whose appointment is expected within days.

Mikhaylov Interviewed on Talks

954F2962A Moscow ARGUMENTY I FAKTY in Russian No. 31, Aug 95 p 3

[Interview with Minister for Nationalities Affairs Vyacheslav Mikhaylov by ARGUMENTY I FAKTY correspondent Dmitriy Makarov; place and date not given: "V. Mikhaylov: "We Have To Take Chechnya Into Consideration"]

[FBIS Translated Text] Last weekend, long-awaited news came from Chechnya: An agreement on the military set of issues has been signed in Groznyy.

ARGUMENTY I FAKTY correspondent Dmitriy Makarov talks with Minister for Nationalities Affairs Vyacheslav Mikhaylov about the negotiation process.

[Makarov] Vyacheslav Aleksandrovich, since the beginning of the Chechen war our editorial offices have received numerous letters. Most authors of these letters consider negotiations and agreements useless, and propose to either raze Chechnya from the face of the earth or surround it with barbed wire and leave those inside it to live as they please.

[Mikhaylov] I think this is more from the sphere of emotional than rational feelings. If we say that Chechnya is a Russian Federation component, and that the Chechens are our compatriots, how can we strangle them?

[Makarov] But love cannot be compelled. If people want independence, let them have it—"as much as they can swallow," as Yeltsin once said.

[Mikhaylov] But they are living people, and nobody has yet asked them what they think about independence and whether they want it. All the talk about independence so far has amounted to the discourses of a small group of people who have usurped power and speak in the name of the people.

Also, a normal state is not a room one can easily enter or exit. In the course of these negotiations we recalled the words of V.I. Lenin, whom today nobody usually quotes anymore: "What is patriotism? It is a feeling born of a division of motherlands." Patriotism is born when a motherland gets divided. And then it becomes state patriotism. It also emerges because one state to a certain extent enters into confrontation with another. Imagine that another planet is discovered somewhere in the universe, which is populated by living beings, who begin a war against us. We would unite under one notion—"earthlings"—and defend our planet from the aggressors.

Chechnya's separation from Russia will have a catastrophic effect on neighboring regions, and Russia as a whole. Chechnya is strategically situated. A rail link and a highway connecting Russia with the Caucasus go through it.

If these arteries are closed, Dagestan and other republics will find themselves under a blockade.

[Makarov] But the people who are conducting negotiations with you do not want to stay part of Russia. Few people believe that the agreements signed by them will be abided by.

[Mikhaylov] The whole tragedy of these four years lay in that we could not step over the legal barrier, when Dudayev's ascension to power and the 1991 elections were found illegitimate. A paradoxical situation arose: How can one conduct negotiations with people who are in power illegally? It was then, I think, that a serious mistake was made: Negotiations should and must be conducted regardless of the legal opinion you have of your partners, because real power is in their hands. And how can you get out of the crisis anyway if you do not sit down at the negotiating table?

[Makarov] But will the field commanders abide by your agreements?

[Mikhaylov] This is achievable. At this point, not all field commanders think alike. There are some who approach the question of independence this way: independence or death. But I would not say that they are the majority. Aslan Maskhadov, the Chechen armed formations' chief of staff and a member of the delegation conducting negotiations with us, says straight out that he has had enough of the war and does not want any more of it.

[Makarov] As long as Dudayev looms behind the back of the Chechen delegation, there will be no peace. Is it possible to separate the field commanders from him?

[Mikhaylov] This is one of the most difficult questions. Regardless of their personal sympathy or antipathy for Dudayev, field commanders and volunteers reason this way: We fought for independence under Dudayev's banner, and it is not important whether this is good or bad. Will we not become traitors if we abandon this banner?

Participants in the negotiations on the Chechen side say that they understand the benefits of keeping Chechnya part of the Russian Federation. At the beginning of the 1990's they, like many others, were overcome by the sovereignty wave. They sincerely believed in this tale. But these people are tormented by the question: What did they fight for?

[Makarov] And what did Russian soldiers fight for?

[Mikhaylov] They carried out the president's orders, and defended Russia's integrity. Today both sides need a lot of courage not to ask this question and reach an agreement. We have to declare that there are no winners or losers in this war.

[Makarov] There is open talk in the Russian military that politicians like you and Volskiy deprived it of victory.

[Mikhaylov] We conducted research and know that far from everyone in the military thinks this way. Victory is a complex notion, more than just walking through a territory from one end to the other or capturing Dudayev. What you need is for the people—in this case the Chechens—to begin to feel defeated. But this is not so, and will not be so. If this war continues, then, as Khadzhiyev said in a previous issue of ARGUMENTY I FAKTY, not 5,000-10,000 will rise against the Russian army, as things stand now, but 200,000-300,000. Therefore, we have to strive for peace and withdrawal of troops.

[Makarov] You have spent all your life specializing in ethnic issues, working in the Central Committee as deputy chief of ethnic relations department. Are the ideas of "proletarian internationalism" still alive in your soul?

[Mikhaylov] Unquestionably. But without the word "proletarian." Whether it is good or bad, when we stop negotiations and conduct consultations, both we and the Chechens recall good words—friendship among people. The Chechen say this: Yes, there was Stalinism, there was forced resettlement, but there were also long years of good friendship. And they already miss those years.

It is not like the Chechens, by the way, to spit on their past. They are a cultured, highly educated nation. They understand that all of this was achieved with the help of Russia.

[Makarov] What is our partner in negotiations like, Usman Imayev?

[Mikhaylov] I have known Chechnya's general procurator since the time of the negotiations in Vladikavkaz. Besides being a jurist, Imayev is well versed in economic and financial matters. He knows well the history and traditions of his people.

[Makarov] Does he impress you as a gentle man?

[Mikhaylov] No, he is quite a hardened, tough man, capable of independent thinking and decisionmaking. I would say that Imayev is a man inclined to political compromise, although, of course, he is under tremendous political pressure.

[Makarov] Can Imayev be persuaded to move away from Dudayev?

[Mikhaylov] He does not tie himself to Dudayev. Imayev says this: "If, by virtue of my reasoning and political experience, I begin to feel that such an agreement is needed by the Chechen people, I will sign it regardless of anything!"

Most interestingly, both Imayev and other delegation members consider themselves supporters of the USSR and say that if the Union were to be restored, Chechnya could join it as a Union republic. They were all communists and proudly say that they have not surrendered their party cards.

[Makarov] I heard that Dudayev resists signing a comprehensive agreement because certain forces in Moscow are allegedly advising him not to. Your opinion?

[Mikhaylov] The criminal world has an interest in an unstable, separated from Russia, Chechnya, because one can hide from punishment there. "Dirty" money was laundered through Chechnya; it could be secretly sold weapons. Had it not been for external factors, we would have reached an agreement a long time ago.

[Makarov] Do you not think that all our local wars happen, among other things, because people got tired of "friendship between peoples" being forcibly imposed on them?

[Mikhaylov] They got tired not of friendship between peoples but of the incessant talk about it. But apparently all of us had to experience independence firsthand. Look at what it has turned into, for instance, for Georgia. De facto disintegration of the nation. For Armenia the cost was the emigration of a million Armenians. The same for Chechnya. One can cite many examples. Perhaps, the Lord has sown this discord among peoples on purpose, so that, having lived through it, people will become more tolerant toward each other, and wiser.

Khadzhiyev Calls For 'Reconciliation'

LD0308123495 Moscow Radio Rossii Network in Russian 1100 GMT 3 Aug 95

[FBIS Translated Text] A rally has taken place in Groznyy on the occasion of signing a package of military issues. The rally has been addressed by Salambek Khadzhiyev, the chairman of the Government of National Revival of the Chechen Republic. He emphasized the importance of establishing lasting peace in Chechnya and the reconciliation of all the conflicting sides. A traditional offering ceremony has taken place in the memory of all who have been killed as a result of military hostilities.

Festivities Mark End of Hostilities

LD0308165895 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] GROZNYY, Aug 3 (INTERFAX) — Festivities marking the end of hostilities in Chechnya were held on the Teatralnaya Square of the Chechen capital on August 3. An INTERFAX correspondent reports that over 1,000 Chechens assembled on the square.

Denilbek Labazanov, a leader of the Daimokhk movement, told the crowd that the negotiations have made peace possible in the Chechen Republic.

Salambek Khadzhiyev, prime minister of the National Revival Government, said that both the opposition and Dudayev's supporters were to blame for the Chechen tragedy. "The Chechen people failed to establish unity," he declared.

A sacrificial offering was made, a traditional Chechen rite.

Daily Assesses Peace Prospects

MM0308161695 Moscow KRASNAYA ZVEZDA in Russian 3 Aug 95 p 1

[Article by Oleg Odnokolenko: "Is the Chechen War Over? Life Will Provide the Answer to the Question Worrying Society"]

[FBIS Translated Text] De jure, hostilities in Chechnya were due to end at 0000 hours 2 August. But of course everybody realizes that nothing ends so quickly, especially wars. Anatoliy Romanov, commander of the Joint Grouping of Russian Forces in Chechnya, and Aslan Maskhadov, chief of the Chechen Armed Forces Main Staff, do not rule it out that "shooting will still be heard in a number of places." And so it was, in fact, on the night preceding the declared "day of peace." The bare statistics recorded 23 shooting incidents and no deaths but four wounded among federal forces. All in all, the usual picture. To be honest, the Army in the person of those who have fought in Chechnya and who are still on the front line or at guardposts did not have much faith in the possibility of an agreement, even on military questions. Now, be that as it may, the attitude among the military toward this peace is extremely restrained. But the future will show who will be disarmed and how, and who will immediately rush to exchange his rifle for the promised 150,000-300,000 rubles [R]. At least, if the data of the joint grouping command is to be believed, up to 30 percent of gunmen are not under the control of Dudayev's main command and apparently do not intend to follow the call to bid farewell to their weapons. Especially as it is now totally impossible to define clearly who Dudayev's supporters are, who Maskhadov's supporters are, who Basayev's supporters are, how they relate to each other, who is most important among them, and what each of them intends to do. This is indicated by the showdowns among field commanders — with, as prescribed, guns. The position of Dudayev himself is also hazy. Rather, the haze is created not so much by the general himself as sometimes by his current and sometimes by his former entourage. For example, Dudayev openly states that he does not attach any importance to the agreement that has been reached. Maskhadov immediately explained that Dudayev is a "hotheaded person" and in actual fact disagrees only with "certain insignificant provisions" of the signed document. But this in no way prevented Dudayev from removing Chechen delegation leader Usman Imayev from his post (or the latter from submissively accepting his dismissal) by his edict back on 24 July, which puts a question mark over the "legitimacy" of the agreement itself, since under the accord it is valid only if all signatures are present....

Can you sense what kind of casuistic booby trap has been laid? This is at a time when Dudayev himself has never treated treaty obligations too scrupulously. Immediately and unexpectedly there appeared the idea of dividing Chechnya along the Argun River and declaring Shali the new capital of Ichkeria [Chechen name for Chechnya]. This indicates that maybe there is indeed a split in Dudayev's camp. Unless, of course, a more subtle political game lies behind everything. At least, observers do not rule it out that there is no split in the Chechen camp on fundamental questions but there are differences of opinion of a purely tactical nature. Naturally, the intransigents favor war to a victorious outcome, and the more constructive —let's say — field commanders favor a range of measures since "Russia will be forced to leave anyway." But at the end of the day, of course, we must not fail to bear in mind that many are really tired of fighting.

But here is another, as they say, offhand observation. While some "extremely unrestrained" Chechens are right now virtually celebrating a "military victory over Moscow," the Russian-speaking population is far from joyful. One can understand why. Of course, the recent times when non-Chechens were second-class citizens in Ichkeria, with all that that entailed, have still not been forgotten. Their position is not too encouraging now either. Everybody realizes that, if Moscow does indeed leave, it is unlikely that anything good awaits them. And this, judging from a number of signs, is quite possible. First, even in the past Russia's official policy has vacillated extremely inconsistently depending on the situation in the corridors of power. Second, the Constitutional Court's decision on the so-called Chechen case. It may be final but the dissenting opinions of a number of judges indicate that the degree of constitutionality of the president's edicts constitutes as card that has by no means been played for the last time. But it would be the height of naivety to believe that this is a struggle between a "party of war" and a "party of peace." Generally speaking no such thing as these exists. A spade must be called a spade — an elementary power struggle has developed against the background of the Chechen events, and when the chance arises these groupings could change names without particularly harming their image.

Of course, this atmosphere cannot fail to affect the mood among the troops. The boldest ask bluntly: "So in exactly whose name have we shed blood?" There are no explanations. The thesis about imposing "constitutional order" now seems to be unpopular and half-forgotten. Maybe the Army, choking on its own blood, destroyed a "hornets' nest of crime?" But Moscow is no rule-of-law paradise either.... Among themselves soldiers and officers more often than not attribute this war to the need to protect the Russian-speaking population — not from the Chechens but from national bandits. But this, as they say, is just soldiers' talk. Just where are the official explanations, where are the voices of those who gave the Army the command to go on the offensive? So far only one statement is known — that of current Internal Affairs Minister Anatoliy Kulikov, who justifiably said that this war must be ended and that it is pointless. But the minister is a soldier himself, and where are those who did not discern this same "pointlessness" at the very beginning?

There are many questions. Too many. It now turns out that this war was not wanted by anybody except the Army. That is so, isn't it? At least, in the first half-year alone, the Defense Ministry spent R1.7 trillion on carrying out missions in Chechnya which was not provided for in the military budget's expenditure items. That is why, incidentally, one in two servicemen did not receive wages in July. That being so, why should we military personnel rely on somebody's word? Or even on a coherent explanation....

What exactly should be done? As is known, we did not choose this war. But we will soon have the chance of choosing those who will maybe treat the men in uniform differently.

Chechens Said To Hold 57 Prisoners

LD0408132895 Moscow INTERFAX in English 1153 GMT 4 Aug 95

[FBIS Transcribed Text] MOSCOW, August 4 (INTERFAX) — The Chechen delegation to Groznyy talks submitted a list of five Russian servicemen kept POW in Chechnya on Friday morning. "But we know there are 57 of them," Chairman of the Presidential Commission for POW, MIA and internees Dmitriy Volkogonov told a news conference in Moscow today. Two thirds of the MIA in Chechnya are servicemen of the 81th regiment of the 131st motorized infantry brigade. They were encircled in downtown Groznyy in late December-early January. All in all, the commission worked on 587 MIA, 211 of whom have returned home and 87 have been found. Approximately 300 unidentified maimed and burnt corpses of Russian servicemen who were killed in Chechnya are being kept in refrigerator trucks in Rostov-on-Don. A total of 145 bodies have been identified by forensic medicine experts. The commission continues to work, said Volkogonov.

Daily: Chechens Blocking POW Exchange

MM0308150495 Moscow KRASNAYA ZVEZDA in Russian 3 Aug 95 p 1

[Report by special correspondents Aleksandr Andryushkov and Sergey Prokopenko: "No Lists, No Prisoners Either?"]

[FBIS Translated Text] The signing of the agreement on the military bloc of questions at the talks on a peace settlement in Chechnya has undoubtedly increased optimism and hope with regard to a speedy end to the bloodshed. But, as has happened repeatedly before, we cannot evade the notorious "fly in the ointment." Much as we regret having to say so, it is growing to the size of the whole "pot of ointment," for few people in Chechnya now believe in the disarming of Dudayev's gunmen and the quick termination of skirmishes and armed clashes. Pessimism is also increased by the failure so far to hand over prisoners according to the "all in exchange for all" principle, without any provisos — as provided for in a separate point in the agreement. The Chechen side, unfortunately, is playing some obscure game. Here is what Lieutenant Colonel Vyacheslav Bondin, staff officer of the Russian troop grouping, told us:

"As long ago as 31 July we prepared two panels, 2 meters by 1.5 meters. One of them was to display lists of Chechen prisoners, the other — federal troop servicemen. The panels were to have been set up outside the building where the talks are taking place under the auspices of the OSCE. At noon on that day, I drove into the city with some servicemen. A crowd of approximately 150 Chechens was making a noise outside the OSCE building. An OSCE representative indicated the place where the panels were to be set up. On each side of the path leading to the OSCE building. We entered the yard and raised the two panels. It seemed that we would set to work at once and get out the lists. But the OSCE representative said that there was no hurry. Why? This was his answer: Dudayev's side has not yet produced a list of Russian prisoners. He did not know when it would. 'But,' I objected, 'the federal troop command has strictly fulfilled its pledges and provided us with a list of Chechen prisoners.'

"'Unfortunately, I cannot help in any way,' the OSCE representative replied.

"I went out into the street. The soldiers had already dug post holes and were standing surrounded by an excited crowd. Many people were making a noise and shouting pro-Dudayev slogans. They were the selfsame people: They have been rallying for a month now outside the building where the talks are held. A group well organized and paid by someone.

"A soldier came up to me and said that the crowd were opposed to lists of our prisoners being posted up. Indicating a bearded Chechen, not devoid of a military bearing, he added:

"'This guy came up to me and said: "Soldier, dig the two holes a bit deeper. We will cut you in two, and you will just fit in them.'"

"After that," Lt. Col. Vyacheslav Bondin continued, "I went back into the OSCE yard. I saw for myself that they were not going to post up the lists of prisoners. After that we drove back to the unit. I reported to the command what had happened."

After our chat with Lt. Col. Bondin we set out with Yelena Vasilyevna Fedoseyeva, chairman of the "Poisk" group, for the OSCE building. The crowd had already dispersed, and the time for the curfew to start was approaching. Foreign correspondents were making live satellite broadcasts on the day's events. The reports contained not a single word about the actual situation or about the fact that Russian soldiers are continuing to die during the peace talks. They were all praising Dudayev for "his political wisdom and his victory over Russia." We found four post holes. One was already half full of garbage. Naturally, there were no panels.

A woman approached us. She was a Russian. She introduced herself as Yelena Petrova. One of us had met her a month ago. She works for the OSCE mission and, evidently, in many respects for Dudayev. She is constantly surrounded by Chechens.

"KRASNAYA ZVEZDA is waiting in vain for lists of captured Russian soldiers," the woman declared. "The people concerned have no wish to return from captivity. I have accurate information about this from Dudayev's field commanders."

Yelena Fedoseyeva answered her: "Let Dudayev's people bring them here, and we will speak with each one. Then it will be clear who wants to return and who does not." A man in a green headband came up and said through clenched teeth:

"You will never see it happen...."

This is how one of the points in the agreement on the bloc of military questions, which was signed at the talks, has started to be fulfilled....

Neither side has official data on the number of prisoners of war. There is unconfirmed information that Dudayev's men are holding several hundred servicemen. The federal troops are holding about 50 percent more Chechens. It is not known how many names will appear on the lists. The lists have not been made public.

Fighting Ceases Between Warring Chechens

LD0408083195 Moscow ITAR-TASS in English 0649 GMT 4 Aug 95

[FBIS Transcribed Text] GROZNYY, August 4 (ITAR-TASS) — Fighting between the warring sides in Chechnya who signed an agreement on a set of military questions has virtually stopped but in some places random shots are still heard. Federal troops came under fire on 16 occasions over the past 24 hours, a military sources told ITAR-TASS this morning.

According to the source, 15 cases were reported in Groznyy, mainly in its Leninskiy district, where characteristically groups from three to twelve men attacked federal forces. Russian troops returned fire using service firearms. No one was killed or wounded among the federal forces.

The command of the combined federal forces continued work to explain to the personnel the content of the agreement on the set of military questions signed by representatives of the Government of Russia and supporters of Dzhokhar Dudayev. Special attention is paid to averting acts of provocation and the need for discipline and stamina.

TV Companies Using Satellite System

LD0408091995

[FBIS Editorial Report] Moscow Russian Television Network in Russian 0700 GMT on 4 August broadcasts a 2-minute report over video, during which a correspondent says that a satellite communication station is operating in the Chechen village of Khankala, where the main group of Russian forces is stationed. The correspondent says that the station is being run jointly by a military unit of the Federal Agency of Government Communication and experts from the Radio Scientific Research Institute. It is the only place from where video programs can be transmitted from Chechnya to Moscow, he adds.

The program shows a brief interview with a Russian colonel, who says that the station is now being used by Russian Public Television, Russia Television, and Moscow NTV Television. He adds that the station was set up 6 months ago on a trial basis, and there are plans to introduce a few more in the near future.

The video shows satellite dishes, the station, and equipment.

Siberian Accord Airs Problems; Premier Responds bat>[RABOCHAYA TRIBUNA 4 Aug]

MM0408140095 Moscow RABOCHAYA TRIBUNA in Russian 4 Aug 95 p 3

[Report by Aleksandr Shamov: "Worn Shoes, but in Golden Bag"]

[FBIS Translated Text] "I make a very high assessment of the activity of the 'Siberian Accord' Interregional Association, which is marking its fifth anniversary. I wholeheartedly congratulate Siberians. If all interregional associations worked as fruitfully, Russia would have gone much further in implementing reform." Those phrases, which aptly summed up the results of the "Siberian Accord" Interregional Association's five years of work, were spoken by Russian Federation Premier Viktor Chernomyrdin at the major "Siberian Accord" Council session in Tyumen.

This region produces more than 90 percent of the country's gas, 70 percent of its oil and gas condensate, more than 60 percent of its coal, and more than 25 percent of its electricity. Siberia's share of total Russian fuel production is gradually increasing and currently stands at around 80 percent.

Here is another remarkable figure. More than 96 percent of all the oil produced in Siberia comes from Tyumen Oblast. According to forecasts, 206 million tonnes will be produced in 1995. That is a lot. But only half as much as in 1988. Oil and gas condensate production levels have fallen by just as much in Siberia's second most important oil region — Tomsk Oblast.

The situation in the gas industry is more stable. Over the past few years gas production volumes have fallen by just 4 percent, but even the gas workers have a lot of problems.

The leaders of the Siberian regions are asking the federal executive authorities, which hold controlling blocks of shares in the oil and gas companies, to transfer their administrative structures to Siberia. First and foremost, it is a question of the Siberia-Far East Oil Company (Sidanco), which has subunits from the Urals to Maritime Kray.

As is the case everywhere in reforming Russia, the ownership question is key. And Minister Yu. Shafranik may disagree with the Siberian governors, but they firmly believe that the energy-producing regions' socioeconomic interests must be taken into account without fail. Hence the proposal that 50 percent of voting shares be transferred into the state ownership of Federation components.

The most acute social problems of the transition to the market have been manifest in the coal industry.

Speaking at the Association's Council meeting, Viktor Chernomyrdin also talked of the need to improve the level of coal processing — which will make it more a more viable commodity — and to create special financial groups comprising coal enterprises, rail transport, and the banks. "Bankers!" the prime minister appealed to all of Siberia, "invest in the coal industry! Don't be scared!" It will be interesting to see if that appeal is heeded.

Meanwhile, the financial position of fuel and energy complex sectors is not that brilliant, to put it mildly. The money owed by customers for the energy resources they have received is growing. An even bigger problem is posed by the amounts that fuel and energy complex enterprises owe each other, other sectors, and particularly budgets at different levels and state nonbudgetary funds. The Association's participants believe that a principled decision on ways to repay these debts needs to be reached at government level. Perhaps they could be repaid out of the funds obtained from selling some of the shares in state hands.

"Siberian Accord" also takes a principled stance on pricing issues. For instance, fuel and energy resources in Siberia — that is, where they are produced — should be cheaper than in other parts of the country. The existing system of pricing and profit redistribution provides absolutely no incentive for territories to develop their fuel and energy complex sectors. The regions should have a greater opportunity to influence the economic and social processes relating to fuel and energy complex enterprises' activities on their territories.

In world practice regions that produce large quantities of energy resources are usually prosperous. But in our country they lag behind in terms of their facilities, the development of transportation, road provision, communications systems, and the development of all kinds of services. It is indeed true that "we're not Kuwait."

On the basis of the results of the discussion of the Siberian fuel and energy complex' problems Viktor Chernomyrdin ratified instructions for Russian Federation ministries and departments.

President Shaymiyev on Situation in Tatarstan, CIS

MK0408072895 Moscow OBSHCHAYA GAZETA in Russian
No. 31, 3-9 Aug 95 (Signed to press 2 Aug) p 9

[Interview with Tatarstan President Mintimer Shaymiyev by Irina Velikanova: "The Word That the President Has Not Pronounced Even Once" — place and date not given; first paragraph is OBSHCHAYA GAZETA introduction]

[FBIS Translated Text] Recently we saw Mintimer Shaymiyev the way no one has known him before. Everyone has been accustomed to viewing the Tatarstan leader as equanimity incarnate, a person "buttoned up all the way up" — then suddenly this remarkably sharp statement against Vladimir Shumeyko following his comment on the president of Abkhazia.

[Velikanova] Mintimer Sharipovich, are you not afraid of marring relations with the "No. 3 man" in the state?

[Shaymiyev] If we are all afraid to speak our minds, the past will be repeated, which nobody wants to see happen. I do not understand how Vladimir Filippovich can support Yeltsin's proposal on a meeting of Caucasus leaders and in the same breath speak rudely about the president of Abkhazia, and I bluntly told him about this. If I were afraid of something in Moscow, I would probably never have managed to secure the conclusion of a bilateral treaty between Russia and Tatarstan.

[Velikanova] Indeed, you have done virtually the impossible. A dangerous rupture with Moscow was averted on one hand and Kazan was satisfied, on the other. What arguments did you use to convince "both them and us?"

[Shaymiyev] Do you remember how many accusations were made against me? Shaymiyev is a separatist; he is destroying the Federation, pulling Russia apart.... But I was convinced at the time, as I am convinced now, that the conclusion of a bilateral treaty with the Russian Federation is good not only for Tatarstan but also for Russia as a whole. Had there been no such precedent, Russia could have taken the path of a unitary state, but now this is unlikely. In negotiations with Yeltsin we proceeded from the simple to the complex, slowly, by small steps. We fought, as they say, over each comma and reached a treaty by way of mutual concessions. Boris Nikolayevich must also be given his due: Although he was under strong pressure, he showed himself to be a statesman of vision. True, I also had much to deal with. Imagine numerous rallies, large popular meetings that expect solemn pledges from you to fight for the freedom and independence of Tatarstan to the last breath. This, it must be said, is a very strong temptation — to promise the people everything they ask. Many leaders promise and are proud of it. For my part I have managed to avoid pronouncing the word "independence" even once. To declare full state sovereignty for Tatarstan, knowing that this is impossible, would have meant deceiving my own people. I think that Dudayev's mistake was precisely that he proclaimed Chechnya's independence while absolutely ignoring the fact that it is unreal. The same happened in Crimea. I cannot understand how President Yuriy Meshkov could have made such irresponsible statements about the reunification of Crimea and Russia. It was clear from the very start that nothing would come of it. Of course, Meshkov wanted to win the Crimeans' votes, but first he should have thought about what he would tell people tomorrow. Maybe there is very much that I want.

[Velikanova] In the presidential elections in Tatarstan, 80 percent of the electorate voted for you. Therefore you enjoy popularity both among the Tatars and among the Russian population of the republic. This must not be easy.

[Shaymiyev] Certainly not. There are extremists in the republic and one has to maneuver and restrain one's feelings all the time. When I am told in Moscow that it would not be a bad idea to bring Tatarstan's Constitution in line with the Constitution of the Russian Federation, I say: Come and bring it in line and I will see what happens. I suppose that the leader of any multiethnic republic should understand that if he arouses even the slightest mistrust among a particular ethnic group with his incautious actions, this could be the beginning of a profound crisis. And with it the end of his own career.

[Velikanova] The Moscow upper echelons must be treating you rather cautiously. Are you aware of this?

[Shaymiyev] In any event, I have no patrons in Moscow — that's for sure. Maybe no enemies, either. Everything else I ignore. I follow a line that has been chosen once and for all, whether someone likes it or not.

[Velikanova] Tatarstan has a relatively high standard of living: The minimum wage is 110,000 rubles and the prices are the lowest in Russia. At what expense?

[Shaymiyev] I understand your implication, that Tatarstan does not pay any taxes. But this is not quite so. The Russian Finance Ministry today has no claims against us. We are one of the most efficient payers. But the federal budget delays financial settlements with the republic. For instance, Moscow has not as yet paid for the defense order this year and maybe I shall have to work for this debt to be extinguished by reducing the sum of our tax deductions. Yes, our living standards are higher than average. But then we did not permit "shock therapy," we entered the market economy gradually. Maybe because being closer to production, we take a more realistic view of things. I myself have been in economic management for many years, and I know the republic, as they say, "inside out." I cannot say that we are not making mistakes, but the production decline in the republic has already stopped and growth has begun.

[Velikanova] There was a time when, as darkness fell in Kazan, people were afraid to venture out into the street. The level of crime was shocking. Now, they say, the situation has changed and it has become much quieter in the city. Is this really so?

[Shaymiyev] Indeed, in the past two years crime has been on the wane. The fact is that an edict, analogous to Yeltsin's controversial edict on fighting banditry, was promulgated in Tatarstan earlier than in Moscow. When Boris Nikolayevich came to visit us, he was briefed on this document and borrowed much from it. Just like Yeltsin later on, I was criticized for human rights violations. Maybe the rights of criminals are indeed violated, but this is done for the benefit of all others. We have equipped the interior troops very well and doubled the militia's strength. Our main accomplishment is that the law enforcement bodies have ceased to be afraid of the criminal world.

[Velikanova] Is it true that you have set up a special body to monitor the activity of the mass media?

[Shaymiyev] Nothing of the kind. Who told you this?

[Velikanova] It was written in the publication POLITICHESKAYA ROSSIYA SEGODNYA.

[Shaymiyev] It is utter nonsense! But I will read it without fail anyway. When I meet with journalists at home [u sebya], I invariably ask this question: "Can you cite any instance when pressure has been brought to bear on the press in one form or another?" Thus far they have kept silent.

Article Sees Improvement in Tatarstan Economy

954F2955A Kazan IZVESTIYA TATARSTANA in Russian 28 Jul 95 p 1

[Article by Vladimir Dubrovin: "Tatarstan's Economy: There Are More Pluses than Minuses"]

[FBIS Translated Text] The State Committee for Statistics has made a preliminary summary of the socioeconomic development of the republic for the first six months of 1995.

The income part of the republic budget was implemented by 105 percent and amounted to 1.24 trillion rubles [R], exceeding the expenditure part by R30 billion.

The main sources of replenishment of the state treasury were revenues from value added tax (30 percent), excise taxes (23.4 percent, tax on profits (17.5 percent), and also resources from the placement of republic bills of exchange and the conduct by enterprises of mutual offsets of indebtedness (22 percent).

Revenues to the consolidated budget of Tatarstan for the six months, including republic and local budgets, amounted to R1.85 trillion (R4.8 trillion is planned for the year), and expenditures—R1.8 trillion (according to the plan—R5.3 trillion).

The macro indices cited above are encouraging. We will see what they are made of and what possibilities turn out to be unrealistic.

The statistical data indicate that there is some stabilization of industrial production in the republic: The index of physical volume in January-June of this year is 100.8 percent in comparison with the corresponding period of last year.

The volume of industrial production of enterprises of the fuel and the chemical and petrochemical industries is increasing. The growth in volume in these branches in comparison with January-June 1994 was 14.8 and 6.1 percent, respectively.

Alas, as before, light industry and the food industry are in a deep crisis. Here the volume of production decreased in comparison with the first six months of last year by 37.5 and 20 percent, respectively. The decrease in volume of production is also continuing at enterprises of the military-industrial complex. It fell by 24.2 percent in comparable prices. In June a third of the enterprises of the VPK [military-industrial complex] stood idle either partially or completely.

As before, the production of consumer goods was unfavorable. The volume of consumer goods compared to last year was reduced by 15.5 percent, including for nonfood commodities—by 17.3 percent, and for food products—by 15.2 percent.

The season for builders was extremely favorable with respect to weather conditions, but this situation was only partly exploited. It is impossible, for example, not to note that housing construction was noticeably better than last year. In the first six months of this year 45.4 percent more housing was erected than in the corresponding period of last year. The increase was 46.5 percent in urban localities and 53.5 percent in rural localities. It is noteworthy that over January-June 912 private homes were built with a total area of 85,200 square meters, which is 22 percent more than the same period last year.

At the same time no significant structural changes occurred in the branch. Of the total volume of capital investments assimilated by enterprises and organizations of all forms of ownership in the past six months—R1.8158 trillion, or 62.5 percent, is for facilities of a production designation (in 1994—63.9 percent). Capital investments are being implemented, in the main, owing to the private resources of enterprises (74.9 percent).

It is disturbing that the construction of production facilities for villages is being reduced more and more. In comparison with the corresponding period of last year, the volume of construction at APK [agro-industrial complex] facilities was reduced by 16 percent. In the six months, accommodations for 100 cattle (one cowshed), a granary for 1,100 tonnes of simultaneous storage, 13 drilled wells, and 4 kilometers of electricity transmission lines were put into operation. The list of introduced rural facilities ends here.

The dry summer had an effect on the state of affairs in the rural economy as a whole. Winter crops were lost on 130,000 hectares (23 percent of sown areas), and the cattle population decreased, simultaneously with its productivity.

In comparison with the first six months of 1994, the average milk yield per cow dropped by 119 kilograms, or 7 percent: According to the status on 1 July in agricultural enterprises of the republic, there was a decline of 29,600 head of cattle, 48,700 pigs, 35 [lines missing], and it seems there were no particular problems with fodder last year.

As a consequence, the volume of cattlebreeding products was reduced: the production (sale) of cattle and poultry (live weight)—by 21 percent, and the production of milk—by 10 percent. There were also fewer eggs than in the first six months of 1994—by 9 percent.

The sale of cattle and poultry fell in all rayons except in Alkeyevskiy, Atninskiy, and Menzelinskiy Rayons. The production of milk decreased in 41 of the 43 rayons.

It is also time to sound the alarm regarding the readiness of the agrarians of Tatarstan for the current harvest: Nineteen percent of the grain harvesting combines, 15 percent of the fodder harvesting combines, 20 percent of the potato harvesting combines, and 12 percent of the mowing machines were not ready for the hard harvesting work on 1 July. At the beginning of July the farms had available approximately one-third less diesel fuel and gas than a year ago. Of course, you do not count your chickens before they are hatched, but I also remember another saying that if you do not count your chickens ahead of time, you will not be disappointed.

The volume of deliveries by all types of transport decreased, which also reflects the general state of affairs in the national economic complex.

The Kazan department of the Gorkiy Railroad dispatched 11,047 freight trains, which is 4.4 percent less than in the same period of last year. The change time of cars with freight increased, labor productivity decreased, and the cost of shipments increased by a factor of 2.6. Motor vehicle transport enterprises and employers (physical persons) engaged in commercial motor vehicle freight shipments in January-June, according to the estimate, shipped 17.6748 million tonnes of freight. Of these, 77.1 percent is the share of joint-stock companies, 21.1 percent—state transport enterprises, 16 percent—private enterprises, and 0.2 percent is the share of physical persons.

There is a definite visible interest in motor vehicle transport that is more mobile and capable of delivering goods to a destination more quickly. Here the influence of the market is being felt quite definitely.

The volume of shipments on air transport decreased by 70.5 percent in comparison with the corresponding period of last year. On internal water transport since the start of navigation—by 25.8 percent.

The rate of passenger turnover on all types of passenger transport decreased: On the whole in the republic—by 8.8 percent, including rail transport—by 0.2 percent, motor vehicle transport— by 10.3 percent, river transport—by 21.5 percent, and air transport—by 15.5 percent. The reason is quite clear: Many cannot afford air and ship transportation.

In January-June 1995 a record jump was observed in the price of shipments: On the average for the six months rates increased by a factor of 2.2, including for motor vehicle transport by a factor of 1.9, and aviation—by a factor of 3.2.

In the same regime with transport shipments is the increase in prices for basic consumer goods and services. Thus, for the first six months prices for products [word illegible] increased by a factor of 2.1. A significant increase was observed for dairy products—by a factor of three, potatoes, meat, and poultry—by a factor of 3.5-3.7 [words illegible], and alcoholic beverages—by a factor of 1.9. In this period the price of salt and vegetable oil increased least of all—by 43.8 and 54.7 percent. Prices for nonfood commodities increased by a factor of 1.6. The price of gasoline increased substantially—by a factor of 3.4, and textiles— by a factor of two. The cost of paid services increased by a factor of 1.8; moreover, tourist-excursion service took first place (by a factor of 3.4), and communications services—second place (by a factor of three).

The real disposable monetary income of the population, that is, income less mandatory payments corrected for the consumer price index, fell by 20 percent in June with respect to the corresponding period in 1994. The average wage of workers at large and medium-size enterprises of the republic in May 1995 was R375,900 and increased, in comparison with May of last year, by a factor of 2.4, and with April of this year—by a factor of 8.1. Consumer prices for goods and for services increased in this period by a factor of three and by 5.7 percent, respectively.

One fact of no small importance for the economy of Tatarstan should be noted—the stability of foreign economic ties and their expansion. At the present time such ties are maintained with 46 countries of the far abroad and with all CIS countries. Of the countries of the far abroad, the general volume of export falling to the share of Germany is 28.3 percent, Switzerland—8.4 percent, the United States—8.3 percent, the Czech Republic—6.4 percent, Hungary—5.2 percent, the Republic of Korea—5.1 percent, and the Netherlands—4 percent.

Of CIS countries, stable purchasers of Tatarstan's products are Ukraine, Belarus, Uzbekistan, and Kazakhstan: Their share is 94.1 percent of the total volume of exports to the countries of the Commonwealth. The main export commodity are products of the fuel, chemical, and petrochemical industry. The unabated interest of trading partners in petroleum products is the main stimulating factor in the increase in the volume of their exports. They grew for oil in the six months, in comparison with January-May, by 35.1 percent, for diesel fuel—by 127.1 percent, and for heating oil—by 247.6 percent.

On the whole in Tatarstan's economy forward movement toward the market is visible, in the process of which adaptation of the national economic complex to the new conditions is taking place. Some of the enterprises and organizations of all forms of ownership are acquiring the necessary work experience in demand and are increasing their production volumes. In the first six months of this year, in comparison with the corresponding period of last year, there was an increase in the production of gasoline, polyethylene, synthetic rubber, tar and plastics, industrial carbon, tires for passenger cars, microbiologic protein feed, pipes and parts for pipelines out of thermoplastic material, compressor units, gas turbines, passenger cars, plywood, building bricks, ground limestone, linoleum, cereals, nonalcoholic beverages, and other commodities.

We will hope that the observed positive improvements in the economy of the republic will further develop.

Chuvashia President Visits PRAVDA Office

MM0308123095 Moscow PRAVDA in Russian
3 Aug 95 p 1

["Own Information" report: "Guest of PRAVDA"]

[FBIS Translated Text] President Nikolay Fedorov of Chuvashia — a friend and reader of PRAVDA and the hero of many of its articles — has visited our newspaper's editorial office. A frank discussion of the small Volga republic's problems and of the expectations and aspirations of its multinational people took place. Nikolay Vasilyevich was happy to note that PRAVDA was the first of the central dailies to open a permanent office in Cheboksary.

Mordvinia Moves Toward Adopting New Constitution

MM0408091995 Moscow IZVESTIYA in Russian
3 Aug 95 p 2

[Article by Yekaterina Kazakova of IZVESTIYA Analysis Center under "Russia Far From the Kremlin" rubric: "Toward the End of the 'Cold War' Between Moscow and Saransk"]

[FBIS Translated Text] A new constitution is being adopted in Saransk. The situation around it resembles a droplet reflecting the raging ocean of Russian democracy.

Mordvinia's new constitution is designed to reform the system of organizing power in the republic and, no less importantly, to consolidate the normalization of relations with Moscow.

Whereas according to current Mordvinian legislation, the chairman of the State Council is the head of the republic, now the draft of the new constitution virtually introduces the post of president. Not for the first time, let us note. For Mordvinia has had a president before. Vasiliy Guslyannikov, the republic's first president elected by nationwide ballot in December 1991, did not get on with the republic Supreme Soviet — which led to the abolition of the post of president in April 1993 and sharply exacerbated the Mordvinian legislators' relations with the president and government of Russia. In this the Mordvinian Supreme Soviet enjoyed the full support of its federal "elder brother." An analogy with the standoff between the branches of power in Moscow could be traced quite clearly in this whole business.

The authors of the draft constitution assiduously avoid the word "president." The term "head of the Republic," whose powers are significantly narrower than those of the president of Mordvinia when Vasiliy Guslyannikov held this post, features in the text.

The new "head of the Republic" will be elected and the constitution will also be adopted by the Constitutional Conference, which will include representatives of organs of local self-government, deputies of the State Assembly, Mordvinia's representatives in the Duma and the Federation Council, and members of the republic's government (in all, approximately 1,200 people).

Thus, here too we can trace an analogy not only with the 1993 all-Russia Constitutional Conference but also with the Congress of USSR People's Deputies.

According to the draft constitution, the Republic of Mordvinia is a component of the Russian Federation with equal rights. The draft does not include a point relating to sovereignty, and this does not give rise to disputes. Particularly as a declaration of sovereignty was not adopted in Mordvinia. These provisions of the draft are to record juridically the republic's final reconciliation with the federal center.

This trend became apparent even after last year's elections to the State Assembly. Next, changes to electoral legislation were made here — the level of voter turnout at elections was lowered from 50 to 25 percent. This meant that the elections in districts where deputies were not elected in November were deemed valid and the deputies elected. The State Assembly became an operational organ, and the Supreme Soviet ceased to exist.

The long-standing conflict between the powers in the republic went into decline. The federal leadership took pity. Nikolay Merkushkin, chairman of the State Assembly, was granted two audiences with the president of Russia. They had ceased looking on the republic as an outcast, he remarked.

Vladimir Shumeyko visited Mordvinia before the State Assembly session began its work. This "goodwill visit" was to have marked the end of the "cold war" between Moscow and Saransk. Shumeyko visited a whole series of "show projects" but declined to attend the Mordvinian parliament session so as "not to put pressure on the deputies," as he put it.

Either because the lofty guest had departed or because the legislators were tired, the debate was not distinguished by a particularly lively nature. Precisely 58 of the 63 deputies attending the session voted "for." The opposition was made up of the former leaders of the Supreme Soviet and the communists, who joined with them. Two "opposition" members walked out in protest.

Nationwide discussion of the draft is now commencing in the republic. The Constitutional Commission will generalize all the amendments and comments and, following a new discussion at a session of the State Assembly, the draft will finally be submitted to the Constitutional Conference.

Perm Denied Gubernatorial By-Election

MM0308141895 Moscow ROSSIYSKIYE VESTI in Russian 3 Aug 95 p 1

[Unattributed report from "The President" column: "Elections at Different Levels Can Wait"]

[FBIS Translated Text] The Russian Presidential Staff does not recommend that an election for governor in Perm Oblast be held in the near future "because of the complex socioeconomic situation in the country." This is stated in a letter sent by the Presidential Staff to the Perm Oblast legislative assembly. Earlier the Perm deputies had adopted a "Law on the Election of the Governor," under which the election of the head of administration could be conducted without special authorization from the federal authorities. However, Boris Kuznetsov, head of Perm Oblast Administration, has not signed it.

Our information: Under the 3 October 1994 Edict "On Measures to Strengthen the Unified Executive Power System in the Russian Federation" Boris Yeltsin retained the right to appoint heads of administration for krays, oblasts, and cities with federal status (on the recommendation of the government chairman) until a federal law on the procedure for the formation of organs of state power of Russian Federation components is adopted. However, in May of this year he authorized "as an exception" an election for governor of Sverdlovsk Oblast, which will be held 6 August. Similar authorization (the date of the election has not been determined yet) was given to Nizhniy Novgorod Oblast. According to German Akenov, chief of department at the Presidential Staff Administration for Work with the Territories, an election in Perm is undesirable not for reasons of a political nature, but because preparations for federation-wide elections are beginning.

Candidates Almost Equal in Sverdlovsk Election

MK0408115295 Moscow SEGODNYA in Russian 3 Aug 95 p 2

[Report by Yelena Tregubova: "Fight for Sverdlovsk Governorship Has Entered Its Decisive Stage. According to Sociologists, 'For the Time Being, Messrs. Rossel and Strakhov Have Almost Equal Chances'"]

[FBIS Translated Text] On 6 August, the election for the governorship of Sverdlovsk Oblast, which has been permitted by President Boris Yeltsin "as an exception," is to be held. The main aspirants for the post remain as before Eduard Rossel (former head of the oblast administration, dismissed after "proclaiming the Ural Republic" and later elected chairman of the oblast Duma) and Aleksey Strakhov (the present governor, appointed to replace the dismissed Eduard Rossel). Both contestants declared that, for the period of the election campaign, they "temporarily resign from their posts" and "give up any power enforcement controls," and at present it is the "electoral headquarters" of Messrs. Rossel and Strakhov that are fighting with each other.

The main slogan underpinning the election campaign of the "Ural Republic's father" still remains that of "elevating the status of Sverdlovsk Oblast to the level of a republic." As for Mr. Strakhov, he is building an electoral image of a "supporter of economic and political stabilization in all regions, regardless of their status." Let us recall that Aleksey Strakhov recently took part in the creation of the oblast branch of "Russia Is Our Home," whereas "Rossel's team," on the contrary, promises "to throw all its forces" into a fight against the governmental bloc in the December parliamentary election.

Until recently, pessimistic sentiments have prevailed in the ranks of the present governor's supporters: "Unlike Rossel, the present administration head is a business executive, rather than a politician, and he is likely to lose due to lack of experience in political struggle." Mr. Strakhov himself, however, hopes to take advantage of his "business executive" image. Today, his "electoral headquarters" has been encouraged by the results of the sociological surveys conducted by the Foundation for the Development of Parliamentarianism in Russia, the "Professional Politician" Foundation, and the Moscow Center for Political Advertising. According to the social scientists, "the idea of fighting against the 'center' is losing its popularity in the oblast." In their words, between March and July of this year, the number of supporters of the "Ural Republic idea" among respondents fell from 46 to 32 percent. Moreover, their findings show that 78 percent of those who support the idea of a republic perceive it "only as economic independence."

The sociologists assert that at present both candidates have "almost equal chances:" Only 1 percent of the respondents evaluated the activities of both of them as "excellent," whereas 53 percent rated them as "good" or "satisfactory." The results of the surveys show that the sympathies of local entrepreneurs have also split almost half and half.

Both "electoral headquarters" believe that the future of the gubernatorial post can be decided "literally during the last hours of the election campaign, and the outcome of the fight can be influenced by any factor." For instance, the present governor's supporters are counting on achieving success among local voters with Artem Tarasov, a prominent Moscow entrepreneur, who has come to Yekaterinburg "particularly to support Aleksey Strakhov."

Astrakhan Seeks Status as Special Economic Zone

MK0408050895 Moscow SEGODNYA in Russian 3 Aug 95 p 3

[Unattributed report]

[FBIS Translated Text] Astrakhan — The oblast administration intends to submit to the federal government, in the second half of August, a draft treaty calling for delimiting powers between Moscow and the oblast, which is seeking the status of a special economic zone. Vasiliy Petrov, oblast administration economic reforms department chief, has announced that experts have already prepared a package of such documents on the instructions of Astrakhan Governor Anatoliy Guzhvin. Astrakhan insists in particular that it should be given the power to solve some questions of interaction with Caspian Sea countries, and claims for itself half the money it is getting in customs duties.

Unpaid Defense Ministry Bills Halt Far East Plant

MM0408143495 Moscow KRASNAYA ZVEZDA in Russian 4 Aug 95 p 2

[ITAR-TASS report: "Financial Snares Facing Military-Industrial Complex Plant"]

[FBIS Translated Text] Vladivostok's "Dalpribor" — one of Russia's largest instrument plants — has today totally suspended production owing to lack of money. The Defense Ministry's failure to pay for output which it has received is the main reason for the grave situation at the once prosperous military-industrial complex enterprise. To date, the military department, which has failed to pay plant workers a cent this year, owes 5.5 billion rubles. As a result the 1,500-strong labor collective, which was last paid in April, has been sent on unpaid leave for 45 days.

U.S. Defense Delegation Arrives in Vladivostok

LD0308161495 Moscow ITAR-TASS in English 1343 GMT 3 Aug 95

[By Yevgeniya Lenz]

[FBIS Transcribed Text] VLADIVOSTOK, August 3 (ITAR-TASS) — A commission of the U.S. Department of Defence arrived in the Russian Far Eastern city of Vladivostok on Thursday to inspect the installation of American equipment at the submarine maintenance yard Zvezda.

The delegation consists of U.S. top military officials and representatives of U.S. companies whose equipment is used for cutting up the hulls of warships.

Members of the delegation intend to meet the Pacific fleet command and local administration.

The U.S. equipment is being delivered and installed under a Russian-U.S. intergovernmental agreement on providing Russia with technical assistance in the destruction of conventional weapons.

The installation works are expected to be finished by the end of 1995.

Western Firms Accused of Importing Hazardous Waste

LD0308203595 Moscow Russian Television Network in Russian 1900 GMT 3 Aug 95

[From the "Vesti" newscast]

[FBIS Translated Text] I wish to remind you that at the beginning of June this year, officers of the Russian Ministry of Internal Affairs' main directorate for fighting organized crime found 72 tonnes of highly radioactive waste in the premises of the Skopin-Gidromet metal processing plant in the town of Skopin, Ryazan Territory. In the two years during which the cargo was secretly stored there, the plant's workers received enormous doses of radiation. One worker died from leukemia, and every second female employee is suffering from thyroid gland disease.

It was revealed today that three western companies were involved in the shipping of the deadly cargo to Russia. Two of these are American — (?Teledin), from Huntsville, Alabama, and Calport Resources Inc., from

Los Angeles. The other company is German — (?Hertel) AG. The Russian Ministry of Internal Affairs has already requested clarifications from these companies.

Yuriy Manelyuk, Moscow representative of the German firm, was questioned by a senior officer in charge of a special investigations unit at the main directorate for fighting organized crime. On the Russian side, Yuriy Butakov, commercial director of the Metallurg joint-stock company and others who signed a so-called shadow deal were also questioned. We stress that they were questioned, and not interrogated. This is because the procuracy general has not yet instigated criminal proceedings regarding this case, which was submitted to the procuracy three weeks ago.

Meanwhile, police prevented yet another attempt to bury this deadly cargo — in the vicinity of the town of Podolsk, near Moscow. The search for another 120 tonnes of radioactive waste mentioned in the contract continues. It is frightening to think that we are being slowly eliminated by these unscrupulous compatriots of ours. The only thing left for us now is to remember the times when Ryazan Territory was ecologically the cleanest territory in Russia. [video shows the plant, containers with nuclear waste, a page from a shipping document printed in German, and two men being questioned by a police officer]

Article Examines Low Medical Profession Wages

954F2920A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 24 Jul 95 p 2

[Report by Inessa Lasovskaya: "Modern Symbolism—Physicians' Salaries: Novosibirsk Oblast Medical Practitioners Appeal to Government's Conscience"]

[FBIS Translated Text] Health care workers of Novosibirsk Oblast presented the Ministry of Health Care and Medical Industry of the Russian Federation [Minzdravmedprom] with a number of serious demands.

Labor remuneration has become purely symbolic. Health care workers' wages were indexed last year only once and only by a factor of 1.4, while prices increased more than threefold.

The situation in health care is approaching the critical level, but the government still has not adopted a concept of reforming the main industry that protects the health of its people. Hospitals are financed these days on the basis of budget ability—not of the population's need for medical services—and predominantly local budgets at that. The government tends to relegate increasingly more problems to local administrations to deal with, without providing financing for it.

At the second congress of health care workers trade union in Moscow, a decision was made to lobby for improvement of the Unified Pay Scale [UPS] with respect to the pay of budget sphere workers—expanding it to grades 21-26 and improving the system of extra pay and bonuses to pay rates and salaries.

In their letter to Minzdravmedprom, Novosibirsk medical practitioners demand that UPS pay rates and salaries be indexed by a factor of 1.5 beginning 1 May 1995, based on the category I pay rate set since 1 March 1995 at 39,000 rubles, and that UPS grade coefficients set for all its grades be restored.

Yes, the medical profession has a very complicated system of calculating labor remuneration using coefficients and grades. But even after all the multiplication, a top-grade surgeon, who performs hours-long. extremely complex operations, earns several times less than for instance, bank or commercial structures' employees. Actually, they are simply not comparable. Alas....

Will the Minzdravmedprom hear the physicians' quite legitimate and well-founded demands regarding pay raises and protection of their interests? Do the people in white robes—whose works entails a threat to their life and health (emergency ambulance personnel, those working in trauma centers and emergency rooms—not need, for instance, mandatory state insurance? Do they not deserve preferential retirement terms—the aforementioned ambulance personnel, as well anesthesiologists, health care professionals working with AIDS or tuberculosis patients, or personnel of infectious disease or mental health facilities? By the way, in one of the points (there are seven) the oblast committee of the health care workers trade union demands that one year be counted as one and a half years for emergency ambulance personnel in calculating their eligibility for retirement benefits.

Only a constitution of iron and the ability to reconstitute themselves in the conditions of constant changes of sleep and wakefulness, work and rest schedule lets people—and only a few at that—make it to pension age in a such difficult job as that of our ambulance personnel.

It is amazing, of course, that society does not care for those who treat them and save them from death: There is not a single country in the world where medical professionals are put in such humiliating financial dependence. So their demands are both legitimate and timely. Although, by every logic, it is we, their grateful patients, who should defend their rights and provide them with a decent living.

Economic Issues

Economics Minister Cited on Budget, Monopolies

MM0308143995 Moscow ROSSIYSKIYE VESTI in Russian 3 Aug 95 p 1

[Unattributed report under the "Corridors of Power" rubric: "Quotations"]

[FBIS Translated Text] Yevgeniy Yasin: "The Russian Government intends to top up the budget's revenue by 7-8 trillion rubles first of all by restraining price increases for the output and services of the natural monopolies — enterprises of the fuel and energy complex, transportation, and communications. Their outgoings have recently been indexed a little in advance of the economy as a whole, allowing them to flourish and have at their disposal capital which has turned them into the main source of inflation."

Reportage, Commentary on Submitted '96 Draft Budget

Panskov: Fight Deficit Without Inflation

LD0308165795 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 3 (INTERFAX) — Russian Finance Minister Vladimir Panskov speaking Thursday pledged government commitment to narrow next year's budget deficit only at the cost of non-inflationary sources. He was speaking at the end of a private government meeting which had, in principle, approved the 1996 draft budget.

Panskov said the cabinet would focus on domestic loans rather than foreign borrowings next year. Russia is expected to raise a total of $8 billion in foreign loans in 1996 compared with $12 billion this year.

For his part, First Deputy Finance Minister Yakov Urinson said that the introduction of limits on price rises by natural monopolies such as the energy sector, gas complex and railways could also help towards the stabilization of the country's crediting and financial system.

To this end, the economy and finance ministries propose that inflation-linked indices be imposed next year as a way of price regulation by the natural monopolies. The government is also expected to slash from 50 to 20 the number of specific federal programs aimed, as they are now, to wring money from the budget rather than implement investment projects, Urinson believes.

Kokoshin: Defense Expenditures Too Low

LD0408110395 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 3 (INTERFAX) — Russian First Deputy Defense Minister Andrey Kokoshin has harshly criticized individual provisions of the 1996 federal budget approved by a government meeting Thursday.

"The defense expenditures are ungroundedly low in the document submitted," he told INTERFAX.

Kokoshin emphasized that "the country's defense potential is needed both to protect Russia and its allies from external aggression and to ensure it exercises a proper level of influence in international affairs."

According to Kokoshin, "the Defense Ministry's budget proposals should be considered as much as possible" to ensure the armed forces are properly maintained, construction is preserved on the optimal level, as much equipment is purchased and as much research conducted as needed."

"The defense expenditures should be increased and at least brought in line with the growth of the gross domestic product," he said.

Finance Minister Vladimir Panskov had told a news conference in Moscow earlier Thursday afternoon that the 1996 draft federal budget sets aside 79 trillion rubles for defense, while the figure stands at 50.8 trillion rubles this year.

Glazyev: Significant Amendments Needed

LD0308170295 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] MOSCOW, Aug 3 (INTERFAX) — The government-compiled 1996 budget draft needs significant amendments in the course of parliamentary debate, State Duma Economic Policy Committee Chairman Sergey Glazyev, the leader of the Democratic Party of Russia group in the lower house, told INTERFAX Thursday.

Glazyev said that next year the government should work for the attraction of investments, the implementation of conversion and social programs which should be fully financed and protection of the domestic market. He believes that the government should call off the fixed rate of currency exchange which harms exporters as long as inflation runs at 5%.

The DPR intends to impose stiff controls over the pricing in monopolized industrial sectors. The absence of such controls, Glazyev said, results in outrages such as the nine-fold gas price increases recently.

Furthermore, the DPR will press for a tax reform, tangible elimination of privileges and instilling order in managing state property. Proposals on these issues have been or will shortly be submitted to the State Duma, Glazyev said.

In his view, the first half of 1995 has demonstrated utter lack of responsibility on the part of this government. Glazyev emphasized that the social programs and defense industries, the strategic areas of government activity, remain under-financed. In real terms, 30% and in the latter case 50% of the planned finances failed to reach their destination. The real financing, with the ruble losing half its worth, proved to be less than one quarter of the planned amount.

Bankruptcy Widely Accepted as Business Practice

MK0408090495 Moscow SEGODNYA in Russian 3 Aug 95 p 2

[Report by Aleksandr Bekker: "Practice Is the Best Master"]

[FBIS Translated Text] Last week journalists asked Yuriy Shafranik, head of the Fuel and Energy Ministry: "How does Ukraine pay for energy supplies?" The minister said: "Everything is fine, the debts are growing." If even Mr. Shafranik himself, who had earlier shown no liking for sarcasm, has started to talk in a manner unnatural for him, this means he has been made sick to death.

Well, as for Ukraine, everything is clear: Its nonpayments are closely linked with politics — the withdrawal of nuclear missiles, the Black Sea Fleet, the IMF, and the restructuring of the Ukrainian debt to Russia. The problem is, however, that domestic consumers are also "pinching" the fuel and energy sector's money, showing a profound aptitude at doing this. The overdue debts to fuel and energy enterprises, having reached 15 trillion rubles, are more than half the amount of the entire "overdue payments" in the national economy. For comparison, in the sectors most closely related to the fuel and energy complex — machine-building and metallurgy, which are also poorly paid by the customers — "overdue payments" account for 19.5 and 11.3 percent of the total sum, respectively.

With the statistics being so gloomy, one would expect that the injured side should catch the debtor by the throat and take him to court. Nothing of the kind, however, is happening. In the past year, the Federal Directorate for Enterprise Bankruptcy Matters (FDBM), its territorial divisions, and creditors initiated only slightly over 400 cases. The complete records pertaining to the arbitration practice for this year are unavailable, but we know that 129 cases were initiated by the FDBM. On the whole, the directorate is involved in 359 legal actions taken by creditors.

Formally, the FDBM's low activity is somewhat justifiable: The directorate can initiate a bankruptcy case only with respect to state enterprises or those where the state is the controlling shareholder. In addition, the FDBM has given up the popular idea to arrange exemplary bankruptcies, for instance, of the Likhachev [Automobile] Factory [ZIL] or the Lenin Komsomol Automobile Factory [AZLK]: Either the automobile giants have shown their "teeth" to the reformers, or the directorate itself came to its senses, having considered that the entire undertaking is politically biased.

At the same time, there are a number of objective reasons impeding widespread use of the enterprises' cleanup or bankruptcy procedures. For instance, the FDBM's lawful attempts to replace incapable directors — that is, to use an external management procedure — were opposed in Novosibirsk by the authorities. Mr. Indinok, head of the local administration, by his directive banned the local agency for enterprise bankruptcy from dismissing heads of unprofitable enterprises. In Izhevsk, on the instruction of the republic [Udmurtia] authorities, the prosecutor's office initiated a criminal case against the "Udmurtenergo" joint-stock company for having disconnected the most persistent defaulters from power supply lines. At the same time, the authorities recommended that power enterprises should help debtors to procure money from those who, in their turn, owe money to Izhevsk enterprises.

Against this enlightening backdrop, the stance taken by Samara leaders looks rather encouraging, although a bit unusual: They supported the intention of local power industry officials to "cut off" six enterprises affiliated with the military industrial complex from power sources. In addition, the regional authorities urged the territorial FDBM agency to initiate a bankruptcy case against the "defense enterprises."

I wish to repeat, however, that this is the exception rather than the rule. Typically, arbitration courts try to avoid such cases. Actions brought to a court by creditors are declined. under various pretexts, and courts are trying to convince creditors that they should settle the matter with nonpayers amicably and reformulate their action, which implies the recognition of bankruptcy, replacing it by a request to have debts returned. There have hardly been more than, at most, 10 cases in the whole of Russia when debtor's property has been sold at auction after an arbitration court's decision.

For the sake of fairness, it should be noted that the Law "On Bankruptcy," dated 1993, is behind the times, and for that reason courts often find themselves deadlocked. For instance, so-called "ordered" bankruptcies have become quite widespread. This means that some enterprise leaders come to an agreement with phony companies, pump out all the money they can, and then declare themselves bankrupt. Court members, however, can only spread their hands: The enterprise has no money in its accounts and no property, so there is nothing to lay claim to. Sometimes a court may be held back by a creditor himself, who, while initiating an action, fails to deposit the required pledge. The law says nothing on what is to be done in such a situation.

The outdated Law "On Bankruptcy" and poorly working mechanisms for the revival of production are hampering the reforms a great deal. The outflow of capital from ineffective economic sectors gets retarded, and the structural reorganization of the economy is held back. The belief that mass bankruptcies will cause mass unemployment, which will trigger a social explosion, is also very much alive. In the United States, for instance, courts are considering some 1 million bankruptcy cases annually, of which company bankruptcies account for about 20 percent. Therefore, there are 200,000 business bankruptcies in the United States, as compared with less than 1,000 in Russia. However, even this little experience that has been gained in this country shows that the bankruptcy practice, on the contrary, prevents mass unemployment. Workers themselves realized this earlier than the authorities did. Georgiy Tal, FDBM deputy chairman, said that there are increasingly more cases when enterprise workers apply to the FDBM with a request by their work collective council to initiate a bankruptcy case. People have realized that this is nearly the only possibility to get rid of a director who has made a complete mess of the job, to activate production, and to receive wages again. Bankruptcy is gradually ceasing to be a bugbear.

Young Businessmen Against Preferential Credit

MM0308145195 Moscow IZVESTIYA in Russian 3 Aug 95 p 1

[Unattributed report: "European Bank: $300 Million for Small Businesses"]

[FBIS Translated Text] The European Bank for Reconstruction and Development (EBRD) is allocating $300 million for long-term credits to small business enterprises in Russia, the Capital Savings Bank (SBS) press service reported 2 August. The project for funding this sector of the Russian economy is being implemented jointly with the SBS.

Small business enterprises may receive a credit to the tune of up to $50,000 over a period of up to two years. In certain cases this sum may be $75,000. Funds are allocated to entrepreneurs to implement projects in the sphere of production and services. A credit may be granted for purchasing machinery and equipment, adding to circulating capital, or acquiring real estate. Enterprises that have no more than 50 employees, including the administrative apparatus, can become borrowers.

Meanwhile, judging by the results of a poll among young entrepreneurs conducted at the request of the Youth Institute, 42 percent of them consider that the main factor in stable work is not access to preferential credits but reliable business partners. In their opinion, the survival of many business structures depends directly on personal ties and acquaintances, INTERFAX reports.

'Serious Inflationary Background' To Remain

MM0308103795 Moscow IZVESTIYA (Financial Section) in Russian 3 Aug 95 pp 1, 2

[Article by Georgiy Belov: "Fall Upsurge in Inflation Will Be Aggravated by Growth in Energy Prices"]

[FBIS Translated Text] At the government session held on 31 July, two main problems relating to the second half of the year were noted by the Ministry of the Economy and the Ministry of Finance: the formation of financial resources for the federal budget, and the price situation. These problems are interlinked; moreover, the current price situation determines to a large extent the budgetary problems.

The statistics show a consistent fall in the rates of inflation. This is characteristic of both consumer prices and the prices of industrial finished products. However, the rates of growth of prices in the first six months of this year exceeded those for last year.

	Rates of Price Increase	
	June 1994 as a percentage of December 1993	June 1995 as a percentage of December 1994
Consumer Prices	172	178
Prices for Industrial Finished Products	193	208
Industrial Prices for Acquired Industrial Resources	192	244

The increase is small, but it should be noted that the policy pursued last year was described as moderately tough rather than tough, as the budget deficit was covered by means of inflationary sources. Consequently, the tough policy currently being pursued is reproducing the usual seasonal inflationary movement at present. According to provisional figures for July, inflation (the consumer prices index) will be 5.5 percent, whereas last year it was 5 percent. The strong lead established by the growth of prices for resources consumed over the increase in prices of finished industrial goods is noteworthy. Whereas the two kinds of prices advanced virtually on a par with one another last year, there is a 36-point lead in the first six months of this year.

All this indicates that a whole range of factors in addition to monetarist inflation factors are at play in our economy. They are primarily determined by the structure of the economy, the structure of costs (high energy-intensiveness), and seasonal changes in production and consumption. In a certain sense these are objective factors as long as the existing structure of production and fixed capital is maintained. The inflation in costs constantly props up the price dynamic and prevents it from falling in line with monetarist ideas. As long as costs are tightly linked to the consumption of energy resources and the consumption of resources has a marked seasonal nature, the dynamic of inflation as a whole fits into these seasonal waves. No matter what people say about a radical reduction in inflation by December, the rate of growth in prices will start to rise after the summer reduction. This year additional factors intensifying the usual, seasonal upturn in prices could also operate.

For the time being, however, another inflation-promoting phenomenon should be noted, namely the purchasing of dollars by the Central bank. Why this has happened and the questions connected with exchange rate dynamics are a subject for separate discussion. Here we are merely examining the result — the replacement of the dollar component of the money supply by a ruble one. Many specialists think that the replacement of one form of money by another is incapable of influencing inflation. I do not believe, however, that this is altogether so, as switching dollars into rubles increases the share of (for our economy) more liquid money and increases the rate of circulation of money supply as a whole (ruble together with dollar money supply).

What, then, are the prospects for monetary inflation? Apart from the usual, seasonal intensification of inflation, a number of extra factors will have an impact: First, a decision has been made to increase electricity charges by roughly 40 percent from August; second, proposals to increase gas prices considerably for the third quarter of the year are now being drawn up. True, a proposal to fix the prices charged by natural monopolies and further link the growth in their prices to the dynamic of consumer prices in the ratio of 0.5 to 0.7 was also put forward at the aforementioned government session. Clearly, the gas industry is determined to prepare for these events by establishing a certain price safety margin.

The result of the operation of these factors is unambiguous — an intensification of cost inflation by the end of the year and the continuance of a serious inflationary background, which will exert an influence until at least the start of 1996.

Prospects of Curbing Inflation Examined

954F2945A Moscow SEGODNYA in Russian
19 Jul 95 p 3

[Article by Yuriy Goland of the Russian Union of Industrialists and Entrepreneurs Institute of Experts: "The Low Price of the Dollar Is Useful Mainly for the Environment: The Government Will Hardly Manage To Lower Inflation to the Planned Level"]

[FBIS Translated Text] The statement of the Government and the Central Bank of the Russian Federation on economic policy for 1995 of 10 March of this year cited as the main goal a lowering of inflation to the level of roughly 4 percent a month on average in 1995 and to the level of approximately 1 percent a month in the latter half of 1995. We are still a long way from reaching this goal. Here are the figures on the rate of inflation in the first half of the current year (monthly increase in the consumer prices of goods and services): January, 18 percent; February, 11 percent; March, 8.9 percent; April, 8.5 percent; May, 7.9 percent; June, 6.7 percent; and the January-June average, 10 percent.

Nonetheless, it can be seen that the rate of inflation is gradually declining. Proceeding from this fact, representatives of the government are sure of the onset of financial stabilization. Let us try to see whether the decline in inflation will continue in the third quarter.

It should be mentioned first and foremost that last year also the rate of growth of consumer prices declined in the summer and fell to a low of 4 percent in August and then began to rise rapidly. Officials maintain that there will be no recurrence of last year's development of events. They cite two arguments as proof. First, as distinct from last year, there has been a considerable slowing this year in the rate of decline in production. The gross domestic product in six months of this year constituted 96 percent of the same period of last year, and industrial production, 97 percent, and in May-June, what is more, these indicators reached the level of the corresponding months of last year. But which branches were responsible for these results? Only in two branches was an increase in production compared with last year observed: ferrous metallurgy and also chemical and petrochemical industry—a January-May increase of 11 percent each. This increase was obtained to a considerable extent thanks to increased exports.

As far as the production of consumer goods is concerned, it declined from January through June of this year 13 percent compared with the same period of last year, including a decline in light and furniture industry of 38 percent. There was a steep decline in the production of durables, and the manufacture of television receivers, for example, fell more than 50 percent. The situation in the provision of the populace with home-grown food is deteriorating. The decline both in agriculture and in food industry continues. By the start of July, the numbers of cattle had declined 10 percent, and of hogs, 14 percent, compared with last year. The production of livestock and poultry for slaughter on the farms declined in the first six months 16 percent compared with last year, and the production of meat in food industry fell 29 percent. The prospects for agricultural production this year are not glowing, and the gross grain harvest will on account of the drought in a number of regions be below that of last year, which was of a low level to start with.

Consequently, the appearance of domestic consumer goods on the home market has diminished in the current year, and the role of imports is growing accordingly. On the whole, our economy is entering the world division of labor such that satisfaction of the requirements of the home market is becoming impossible without substantial imports, which support approximately one-half of retail commodity turnover. The increase in the prices of imported foods in the overall inflation index is becoming particularly significant. We would recall that the jump in inflation in the fall of last year was connected primarily with the increase in the price of food, which in the fourth quarter increased in cost monthly by 18 percent. Food is an essential commodity, and for this reason there is little change in the demand for it when its price increases. Needy people are forced to buy it, forgoing the purchase of other goods. For this reason the increase in customs duty on imported foods will undoubtedly contribute to increased inflation.

Officials put forward one further argument in support of the fact that last year's jump in prices will not be repeated this fall. They allude to the austere monetary policy and the Central Bank's refusal to grant the government credit to cover the budget deficit. The money supply did, indeed, increase only 9.7 percent in the first quarter of this year, 3 percent a month, that is. Real disposable personal income (income less compulsory payments adjusted by the consumer price index) declined in the first six months of the current year 7 percent compared with the first six months of last year. But under our conditions, the squeeze on personal income leads primarily not to a lowering of prices but to a decline in commodity turnover and production. Physically, retail commodity turnover in the first six months of this year fell 8 percent compared with the corresponding period of last year.

The low rate of growth of the money supply could not be maintained in the second quarter. Although the official figures of the Central Bank have not yet been published, the average monthly increase, according to available information, constituted not less than 10 percent. Approximately the same threefold increase in the rate of growth of the money supply in the second quarter compared with the first was observed last year also. True, this growth was this time connected with the Central Bank's purchase of foreign currency, not with centralized credit. But can we agree that the issue of money backed by foreign exchange reserves is inflation-proof? It is not written on the banknotes whether they are backed by foreign currency or not. A growth of the money supply does not cause inflationary trends in the instances where the extra money goes into savings or, moving onto the commodity market, encounters additional commodity supply. The advantage of foreign currency support for money issue is that these currency reserves may, if necessary, either be channeled into centralized commodity imports or offered for sale on the currency market, thus removing some of the extra money supply. But centralized imports are not practiced these days, and the sale of currency at a rate desirable for the Central Bank is not always possible. Thus the appreciable increase in the money supply in the second quarter could with a three or four month lag lead to increased effective demand for goods and services.

The experience of preceding years of radical reforms confirms a fact long known to science—under the conditions of high inflation an increase in prices outstrips the rate of growth of the money supply for there is a constant lessening in the populace of the inclination to save. Only last year was there a period of several months when this regular pattern was disturbed, that is, when prices grew more slowly than the money supply. This was explained primarily by the appearance of finance companies of the MMM-type diverting spare cash from the commodity market on the strength of an unrealistically high rate of interest. When they crashed, the former surpassing growth of prices was once more restored.

The high rate of growth of the money supply in the second quarter combined with the continuing decline in the production of consumer goods might not lead to a growth of inflation only in the event of the proportion of monetary income channeled into savings growing simultaneously. This is possible via three channels: deposits in banks if there is a positive deposit rate; the stock market, were it to represent the same opportunities for the small investor; the purchase of foreign currency with a growth in the exchange rate in keeping with the rate of inflation. The last path was closed by the introduction of the currency corridor. This measure, which is aimed at combating the dollarization of the economy and the decreased cost of imports, would in itself seem justified. The problem is that it is necessary to correctly determine the boundaries of the corridor and the methods of regulation of the rate within it. My impression is that the Central Bank, which actually controls the currency exchange rate, does not take all the factors into account when determining it.

Finding its optimum value is not that simple. If, for example, we take as the reference point when establishing the lower boundary the parity of purchasing power of the ruble and the dollar, we run into particular features of our income distribution and pricing, which complicate the determination of this parity. We have extraordinarily heavy income differentiation. According to data of the Moscow Statistics Committee, in December 1994 the income of the upper 10 percent of Muscovites was 30 times higher than the income of the 10 percent least well-off. In January-May of this year the 20 percent most prosperous in Russia accounted for 47.3 percent of all monetary income, the 40 percent lowest groups, for 15.7 percent. Different social groups purchase different commodities at different prices. The subsistence level in June of this year constituted R277,000, at the present rate of exchange, roughly $60. It is impossible to live for a whole month on such money in developed countries, that is, it may be concluded that the ruble is several times undervalued. But if we take the expenditure incurred by the high-income groups and the prices of the commodities that they purchase, it might then seem that the ruble is overvalued. We have no average majority whose expenditure could be compared with "normal" countries.

Consequently, it is necessary to take account primarily of the requirements of foreign economic relations. It is clear that a growth in the value of the ruble makes exports less beneficial and increases the profitability of imports. This process may be justified from the national economic viewpoint—it would be wrong to aspire to the maximum possible level of exports. But it would be more correct to selectively reduce the exports of this commodity or the other with the aid of export duties. A change in rate, however, influences the advantageousness of exports of all commodities and hits more strongly at those whose domestic prices are closer to the world price. Thus the negative consequences of the fall in the value of the dollar were manifested in June in the development of chemical and petrochemical industry. As of August of last year, production in this branch had grown unvaryingly, and only in June of this year did the manufacture of output at the large and medium-sized enterprises decline 16 percent compared with May. This steep decline is explained by the fact that the increase in the price of the ruble made disadvantageous the conclusion of new export contracts, and domestic demand cannot compensate for the decline in exports, particularly considering the high proportion of arrears in this branch. A similar process occurred in June, albeit not to the same extent as yet, in ferrous metallurgy, where production fell 4 percent compared with May.

Thus the two branches that had been developing the most successfully this year have felt the serious negative consequences of the fall in the value of the dollar. Account also needs to be taken of the inevitable increase in the cost of production in the subsequent three months for which the corridor has been established. In January-May of this year the prices of material and technical resources purchased by industrial enterprises grew by an average of 18 percent a month. A pronounced increase in the prices of energy resources, which will be reflected particularly strongly in the energy-consuming branches, began in July. There is no question about the gloomy prospects for the development of these branches.

Of course, there is a positive side in this process also—the development of environmentally harmful industries may be curbed. But it is more important now, I believe, to somehow raise up our industry. After all, the branches, oriented toward the foreign market simultaneously provide orders for subcontractor enterprises of other branches of our industry, mechanical engineering in particular. It would probably be better to develop primarily the clean research-intensive industries, but they have already been considerably pulled apart, and it will be necessary to make use of the paths of restoration of our economy which correspond to current market conditions.

We should evidently raise the upper boundary of the corridor lest we seriously damage the export-oriented branches. The purposes for which the corridor was introduced may be achieved in other ways also. For example, one of the stated goals is a lessening of the uncertainty in economic conditions. But it would be useful for this, for example, to promptly notify all transactors of the state of monetary circulation. Current Central Bank information on the dynamics of the money supply was terminated in the spring of last year. The reason given was a desire to lower inflationary expectations, for it was at that time that there was a simultaneous growth of centralized credit. But concealing the money supply for any length of time is impossible, because sooner or later it will manifest itself, most unexpectedly, what is more, as was the case on Black Tuesday.

A special provision in Article 25 requiring the Bank of Russia to publish monthly data on monetary circulation, including the dynamics and structure of the money supply, was included this spring in the law on the Central Bank. Despite this entry, these data are being published three months late, when it is hard to take them into consideration in the current decisionmaking of the economic transactors. We have all come from the centralized economic system with its characteristic secrecy, but the notion that all economic information should be known opportunely only by the directive authorities persists in the minds of the Central Bank management, evidently. In former times such an approach had a certain justification, as all the important decisions were made in the center. But now the situation is different. Economic life is determined by decisions adopted not only and, perhaps, not so much in the center as at the level of the regions, commercial structures, enterprises, and the public. Current information is essential to ensure that they make economically substantiated decisions. Otherwise their actions could hamper the realization of the judicious plans of the Central Bank management.

It is incomprehensible also why the supplement to the joint statement of the government and the Central Bank on economic policy for 1995 has not been published. This supplement specifies target indicators and obligations coordinated with the International Monetary Fund. These figures could, understandably, facilitate for the transactors the formulation of the right idea of the external conditions of their activity. Once again in Soviet times the secrecy of government plans was explained by the need to conceal them from enemies. But now, when they are presented in international financial organizations, their secrecy within the country compels the recollection of Tyutchev's words: "You cannot understand Russia intellectually."

Summing up all that we have said, it may be concluded that if the current trends in economic policy persist, the dynamics of inflation in the third quarter will, most likely, be approximately as follows: July, 6 percent; August, 7 percent; September, 9 percent.

International Affairs

South Korean Legislators Arrive on 4-Day Visit

AU0308162195 Kiev HOLOS UKRAYINY in Ukrainian 2 Aug 95 p 1

[Unattributed report: "The New as Conveniently Forgotten Old"]

[FBIS Translated Text] Today [2 August] a parliamentary delegation from the Republic of Korea has arrived in Ukraine on a four-day visit. It is headed by Sin Zhe Ki [name as transliterated], deputy chairman of the Korean-Ukrainian Association for Parliamentary Friendship. The goal of the visit is to learn about the political and economic situation in Ukraine and to meet its state and political figures.

South Korean ruling circles regard Ukraine as an influential center in Europe. To intensify the dialogue on a broad range of political, economic, and scientific and technological issues, an association for promoting Korean-Ukrainian relations has been created in the Korean parliament: the Korean-Ukrainian Parliamentary Friendship Association, which includes 45 deputies. This once again corroborates the popular wisdom that the new is the conveniently forgotten old.

Korean Parliamentarian Discusses Cooperation

LD0308220595 Kiev UNIAR in Ukrainian 1840 GMT 3 Aug 95

[FBIS Translated Text] Kiev — Oleksandr Moroz, the chairman of the Supreme Council of Ukraine, has met a delegation of the Korean-Ukrainian Parliamentary Friendship Association of the Republic of Korea, led by Shin Zhe-ki, the deputy chairman of the association and member of the National Assembly of the Republic of Korea [name and title as received].

The Ukrainian delegation was represented by deputy chairman of the Commission for Economic Policy and Management of National Economy [name not given]; Oleksandra Kuzhel, chairman of the National Auditing Committee of Ukraine; Yevhen Marmazov, deputy chairman of the Commission for Foreign Affairs and CIS Relations; People's Deputy Hennadiy Uharov; and Ivan Musiyenko, the leader of the group of advisers to the chairman of the Supreme Council of Ukraine.

Issues of economic cooperation between Ukraine and the Republic of Korea were considered at the meeting. In particular, Moroz pointed out that the parliaments of both countries should work out a model of adaptation of the Ukrainian and Korean legislations, so that entrepreneurs will have no problems when establishing contacts among themselves. It is not ruled out that special legislative acts will be drawn up concerning the setting up of a joint venture between the Korean concern Daewoo Corporation and the Zaporozhye automobile works. Cooperation in such spheres as shipbuilding, electronics, radio and TV communication is not ruled out either.

The Korean side expressed satisfaction with the fact that a department of Korean language will be opened at the Kiev University of Linguistics later this year. As regards the setting up of the joint venture, the Korean side promised to create all the necessary conditions for this.

At the close of the meeting, Moroz confirmed his invitation to the chairman of parliament of the Republic of Korea to visit Ukraine at a convenient time.

State Property Fund Recognizes Neighbors' Property Rights

LD0308191495 Moscow INTERFAX in English 1743 GMT 3 Aug 95

[FBIS Transcribed Text] KIEV, Aug 3 (INTERFAX-UKRAINE) — The collegium of the Ukrainian State Property Fund (FGI) recognized Belarusian property rights over the Tomashgorod and Ovruchsk stone-crushing plants and Russian property rights over the Mukachevsk-based Sovtransavto company, all of which are on Ukrainian territory.

Ukraine was the first to recognize its neighbors' rights over the property on its territory, Aleksandr Bobrovnikov, head of the FGI Foreign Property and International Agreements Department, told INTERFAX-UKRAINE.

Russia is still reviewing 10 packages of documents provided by the FGI asking to recognize Ukraine's rights over some property in Russia, he said. "After the FGI collegium decision we expect the Russian side to speed up the reviewing of the documents and to take a decision too," said Bobrovnikov.

He said Ukraine claims rights over about 150 objects on Russian territory.

Belarus claims rights over 26 objects on Ukrainian territory against Ukraine's claims over one object in Belarus.

Research Director Describes UAE Arms Fair

WS0408093495 Kiev VSEUKRAINSKIYE VEDOMOSTI in Russian 29 Jul 95 p 5

[Interview with Ihor Svershkovskyy, director of the Ukraine "Orion" scientific research institute, by Mykhaylo Romantsov; place and date not given:

"Kalashnikov Walked Around With Hero's Stars, But Without an Assault Rifle"]

[FBIS Translated Excerpt] [passage omitted]

Will Ukraine Fill the Entire World With Rockets?

[Romantsov] Do you mean that we have the possibility to create "smart" electronics for many foreign customers?

[Svershkovskyy] Our core foundation [elementnaya baza], as we have learned at the "Aidex" [International Arms Fair in Abu Dhabi], is in no way inferior to the French or U.S. Incidentally, experts from these and other countries told us the same thing. The problem is, however, that so far Ukrainian scientific projects have rarely reached the stage of end products. For instance, we were not ready to demonstrate a completed rocket system or a tank crammed with electronics. Meanwhile, many potential customers seek precisely "ready-to-use" products.

[Romantsov] So what is the solution?

[Svershkovskyy] I think we need to cooperate with Russia to produce arms. It happens that most designers are there. In our turn, we can produce the most complicated and supermodern electronics on the basis of our raw materials, so to speak "from the ore to the end product." Together with Russia, it will be easier for Ukraine to enter the highly particular arms market. At the latest "Aidex," France crossed Russia's path in the sale of tanks, although Russian machines surpassed French ones, something everyone admitted.

[Romantsov] Do you refer to tough and at times not exactly fair competition? Have you experienced this yourself?

[Svershkovskyy] I did not feel direct pressure from the "strong" countries, perhaps because the production of ultrahigh frequency electronics is a highly specific field, and there is still enough room for producers. For all that, I can only assume that planned pressure does exist. For instance, last year a certain South Korean company asked us to sell technologies for the production of an ultrahigh frequency device to be installed at a U.S. radar station. But then, however, the company's voice became hushed. When we started to clarify the reasons for the refusal, we understood that the United States had exerted pressure on unruly South Koreans.

One Can Only Buy Yesterday

[Romantsov] What are the concrete results of your participation in "Aidex'95"?

[Svershkovskyy] Our exhibition of ultrahigh frequency equipment was the only one at the international fair. Still, it was not the reason why other companies were interested in us; we held commercial and technological negotiations with at least 30 companies. Simply, we really appeared as a respectable partner. You know, Ukraine is among the seven leading countries in the area of designing and producing microwave electronics. This group includes such "big fish" as the United States, Great Britain, Germany, France, Russia, and Japan. And we have received cooperation offers from companies that participated in the "Aidex."

[Romantsov] Did you manage to sell something on the spot in Abu Dhabi?

[Svershkovskyy] Not yet, but.... We had an interesting meeting with colleagues from the South African Republic. When they showed us their designs — in the centimeter range — we in turn demonstrated ours — in the millimeter range. The South Africans told us that our products are in no way worse than American ones. Literally on the second day, they brought us a fax order from their management to design four devices.

While certain products can be bought without loss — for instance, integrated circuits — in the field of microwave electronics one can only buy abroad either yesterday's products, or in the best case today's products. But in no way can one buy those of tomorrow. Sometimes, electronic devices not only become obsolete at the moment of their purchase, but they also can be withdrawn from production. Then, wornout units will be impossible to replace. [passage omitted]

National Affairs

Black Sea Fleet Denies Navy Day 'Unfriendly' Acts

LD0308191395 Moscow INTERFAX in English 1743 GMT 3 Aug 95

[FBIS Transcribed Text] Sevastopol, Aug 3 (INTERFAX) — The press center of the Black Sea Fleet denied charges on the part of the Foreign Ministry of Ukraine of unfriendly actions towards Ukraine and its Navy.

In a statement made public in Sevastopol Thursday in response to yesterday's note of Ukraine's Foreign Ministry, the press center indicates that "it was only organizational inaptitude of Ukrainian naval representatives" that prevented Ukraine's Naval Commander Vice Admiral Volodymyr Bezkorovayny from attending the naval parade on July 30, the Navy Day.

As for the address by BSF Commander Vice Admiral Eduard Baltin to the festivities, he expressed confidence that "the Black Sea Fleet will be a uniting link rather than apple of discord in relations between the two fraternal peoples", the statement specifies.

"The fact that the BSF Commander has received a message of congratulations signed both by Presidents of Russia and Ukraine is the best confirmation of the said statement", the statement points out.

The BSF press center expressed surprise at the "harsh tone" of the note of Ukraine's Foreign Ministry. The press center views this as a "consequence of anti-Russian and anti-Fleet rhetoric in the Ukrainian mass media".

The statement expresses regret that "the anti-fleet campaign, aimed predominantly against the BSF Command, has achieved its culmination point just on the eve of another round of talks between Russia and Ukraine".

Commander Views 116th River Brigade's Situation

WS0308130395 Sevastopol FLOT UKRAYINY in Russian 22 Jul 95 p 2

[Interview with First Rank Captain Mykola Martynyan, commander of the Ukrainian Navy's newly created brigade, by Oleksiy Cherechyn; place and date not given: "We Are Not Losing Our Optimism" — first paragraph is FLOT UKRAYINY introduction]

[FBIS Translated Text] A successor of the Danube Navy Fleet, the 116th Brigade of river ships, has ended its existence in Izmail and Kislitsy. At least it is a good thing that they did not start cutting up the ships with blow torches. Admiral Eduard Baltin, commander of the Black Sea Fleet, thanked the sailors from the bottom of his heart for their courage and patriotism. Why not, after all they snatched out of the "greedy khokhol's" [Russian derogatory name for Ukrainians] hands the bigger and better portion of river ships and brought this "legal booty" to Sevastopol.

However, after arriving in one of the Sea of Azov gulfs, by the Kuban town of Temryuk, it appeared that there was no money to pay those courageous sailors as well as the other Black Sea Fleet units. It was even harder to find any combat task for the once formidable formation.

However, First Rank Captain Mykola Martynyan, commander of the Ukrainian Navy's newly created brigade, does not suffer from a lack of tasks. It is very hard to carry out tasks at a proper level by means of four artillery boats acquired after the division [between Ukraine and Russia] (of which two have already been mothballed) and a staff ship (which is World War II booty), particularly since their crews lack experience and commanders "have never touched a gun." What are the tasks with which the brigade is burdened, and what problems are the sailors facing? Our correspondent asked First Rank Captain Mykola Martynyan to answer these and other questions.

[Martynyan] Naturally, there are many difficulties. It is not an easy burden to carry out mine-sweeping missions and protect ship traffic on the Danube using such scanty means. In addition to our basic tasks, we are helping our border guards maintain operational order on the area from the town of Reni to the Danube's mouth. The sailors of the 116th Brigade who used to be so glorified earlier, and who have sworn the oath of allegiance to Ukraine, did not go to sea for six months, and gunners do not even know from what side a gun should be charged. How can one serve under such circumstances? The neighbors have helped us. Cutter crews have undergone three- month training at the 55th officer training courses for Navy personnel, which included practical navigation on the Danube. The brigade participated in the 50th anniversary of the World War II victory. We demonstrated to the people of Izmail the elements of an encounter battle. The town's residents very much liked the colorful fireworks and illuminations.

[Cherechyn] You directly witnessed the recent division of the 116th brigade. Can you provide us with your assessment of that event?

[Martynyan] The precise date of the disbandment took everybody in the brigade by surprise. Therefore, the Russian side was hurriedly looting (there is no other name for it) the ships and property. Everything that was possible was taken and shipped away. What was left was sold, destroyed, or put out of operation. Cutters were leaving loaded up to the waterline. Initially they left for us four ships that had been mothballed and only after the Ukrainian Navy command protested did the Black Sea Fleet officials decide to change their decision and transfer to the brigade two cutters from the constant-readiness forces and two others which had been mothballed. A modern trawler and seven operational cutters went to Temryuk. So, this is how "friendly" relations look.

[Cherechyn] How did you manage to find a resolution to the situation, to resolve supply and fuel problems?

[Martynyan] We received some help from the Izmail-based ship-repair plant. One cutter has been already repaired, the second one is being repaired. The "Alfa-Tekhnor" firm renders us tangible assistance. Its general manager, Reserve Major Vadim Parashyn, bought uniforms for the personnel, varnish and paint, and other stuff. The town of Reni, where Vasyl Nikitenko is the town council chairman, sponsors the "Dunay" ship. They have delivered five barrels of paint, fuel, foodstuffs — so to speak all that is necessary. Obviously, the most important thing is the personnel's hard work, self-commitment, and determination. Primarily, it concerns

Captain Lieutenant Ihor Budeyev, deputy commander for the brigade's electric-mechanical issues, and the cutters' commanders, senior ensign Stepan Dervolkov, and ensigns Oleksandr Ivanov and Vasyl Panchuk.

[Cherechyn] Can you provide us with the brigade's plans and prospects for the future?

[Martynyan] Soon we are going to participate in a trilateral exercise which will be held under the aegis of the "Partnership for Peace" program in the vicinity of the town of Selistra (on the border between Bulgaria and Romania along the Danube River). The exercises are planned to be held from 2 to 14 August. For the first time we will participate in such exercises. At the end of July, the command of the "Dunay" ship will be sent to the place of the exercises to conduct a reconnaissance mission and to set objectives. From our side, two artillery cutters will also participate in the forthcoming exercises. The crews are developing skills of for the second course task, and are getting ready for the forthcoming "Dunay-95" exercises. The personnel's combat training has been conducted according to plan.

Police Report on Patriarch's Conflict With Rival

WS0308134095 Kiev NEZAVISIMOST in Russian 28 Jul 95 p 1

[Report by Olga Korostylyova: "Criminal Case Has Been Opened on the Death of the Patriarch of the Ukrainian Orthodox Church, Kiev Patriarchate"]

[FBIS Translated Excerpt] [passage omitted] On 19 May 1995, a month before his death, Patriarch Volodymyr (Romanyuk), who was concerned over his safety, asked the police for protection by bodyguards. This was protection from his subordinates — priests and people's deputies. How did the patriarch justify his fears? Finally, we have obtained a very interesting document (published below), signed by Major I. Zahrebelnyy, head of the Second Department of the Ukrainian Interior Ministry Directorate for Fighting Organized Crime in Kiev, who was responsible for ensuring the patriarch's protection.

[Begin document] In February 1994, Archpriest Aleksandr Kislashko, chief accountant of the Ukrainian Orthodox Church of Kiev Patriarchate [UPTs-KP], of the town of Vyshnevyy parish, turned to the Ukrainian Interior Ministry Directorate for Fighting Organized Crime [UBOP GU MVD] in Kiev with a request to inspect the financial activities of the UPTs-KP.

The study of the issue indicated that church structures are within the sphere of felonious interests of criminal groups. Therefore, as of February 1994, the UBOP GU MVD in Kiev, with approval from Patriarch Volodymyr (Romanyuk), closely cooperated with the Christianity Revival Mission, a component of the UPTs-KP. The aim of that cooperation was to fence off the church from felonious encroachments by criminal groups.

A synod of the UPTs-KP was held in March 1995, at which Patriarch Volodymyr (Romanyuk) was pressured by Bishop Filaret's retinue (mistake in the original; should be written Metropolitan Filaret — ed.) and a group of Supreme Council deputies who supported Filaret. The group included Porovskyy, Chervoniy, and Mulyava. Patriarch Volodymyr's residence at 36 Pushkin Street was picketed by members of the Ukrainian National Assembly-Ukrainian National Self Defense, who had arrived from Rivne Oblast. As a result, Bishop of Rivne Roman was removed from his post, despite the patriarch's opposition to that decision.

After the aforementioned events, Patriarch Volodymyr turned for protection to the Kiev police leadership. On 11, 14, and 20 April 1995, I — Major I. Zahrebelnyy, head of the Second Department of UBOP GU MVD in Kiev — held meetings with Patriarch Volodymyr (Romanyuk). During the meetings, the latter brought to my attention the fact that from the moment of his election as patriarch of the UPTs-KP, negative pressure had been constantly exerted on him by Bishop's Filaret's retinue. Volodymyr (Romanyuk) was particularly concerned with Filaret's expansive ties with state structures and the criminal world, particularly powerful criminal groupings in the capital. Patriarch Volodymyr (Romanyuk) pointed out that there might have been attempts on Filaret's part to poison him. He substantiated that statement by saying that since his meals had been cooked in a kitchen other than Filaret's, the condition of his health improved.

On 19 May 1995 a meeting was held between Patriarch Volodymyr (Romanyuk) and General Lieutenant N. Piddubnyy, head of the Interior Ministry Chief Directorate in Kiev. During the conversation, Patriarch Volodymyr (Romanyuk) requested that public order be ensured during the UPTs-KP synod, which had to address the reduction of those Filaret's posts that ran counter to church canons. Patriarch Volodymyr (Romanyuk) suggested that the Interior Ministry Chief Directorate in Kiev warn Filaret about refraining from provocations, which could cause mass unrest.

In connection with the aforementioned facts, between 19 and 21 May Patriarch Volodymyr (Romanyuk) was physically protected 24 hours a day by UBOP GU MVD officers. Within that period of time, Patriarch Volodymyr's adversaries made a number of provocative actions:

— parishioners of the Volodymyrskyy Cathedral, which is subordinated to Filaret, blocked the entrance to the patriarch's residence; as a result the patriarch could not leave the residence, was insulted, and threatened with physical violence;
— priests, who are Filaret's supporters, made an attempt to break into the patriarch's residence and force the latter to abandon his intentions regarding Filaret (Filaret's removal from office — ed.); in the conversation with Patriarch Volodymyr (Romanyuk), the church officials stooped to insults and behaved in a rough manner;
— on the night of 19 May 1995, Father Borys, Kiev Eparchy secretary, summoned a police patrol from the Starokyyivskyy District precinct to the patriarch's residence;
— on 20 May 1995, parishioners of the Volodymyrskyy Cathedral blocked the entrance to the Feodosiyevskyy monastery at 32 January Insurrection street to prevent the patriarch from attending the UPTs-KP synod; the aforementioned individuals carried insulting posters prepared in advance, which read: "Volodymyr — get out of Ukraine," "We want Filaret for patriarch," and others. They were also crying out threats and aspersions;

Patriarch Volodymyr (Romanyuk) categorically insisted that the closed session of the synod be protected against people who should not be there; all the priests and civilians who arrived at the site of the synod had been forewarned about this; however, People's Deputies Mulyava and Chervoniy, encouraged by church officials from Filaret's retinue made a rough attempt to break into the synod's session hall; to do so, People's Deputy Chervoniy summoned a police patrol from Kiev's Pecherskiy District precinct.

After the events described above, Patriarch Volodymyr (Romanyuk) met the leadership of the Kiev police represented by N. Piddubnyy and H. Lyaskovskyy. He voiced his personal gratitude for the assistance and support rendered and presented the police officials with certificates carrying the patriarch's blessing. Patriarch Volodymyr (Romanyuk) pointed out in the conversation that the UPTs-KP supports the stance of the Kuchma administration on conducting reform, and condemns the activities of Metropolitan Volodymyr (Sabodan) subordinated to the Moscow Patriarchate, who calls on his parishioners to boycott reform to please Russia. Patriarch Volodymyr (Romanyuk) voiced his wish to further maintain cooperation with the bodies of state power, which would be beneficial to Ukraine.

It should be pointed out that in the immediate future Patriarch Volodymyr (Romanyuk) is going to conduct a comprehensive inspection of financial and economic activities by the Kiev Eparchy headed by Filaret. He asked the Kiev police leadership to render assistance in conducting the examination. Patriarch Volodymyr (Romanyuk) was particularly curious about the destiny of the Kiev Exarchate coffers, which contained around 3 billion rubles in 1990 and had been embezzled by Filaret. According to Patriarch Volodymyr (Romanyuk), those moneys were converted into hard currencies and deposited in foreign banks. Patriarch Volodymyr (Romanyuk) justified his request by the fact that without state support, he would be unable to carry out an inspection, given resistance on the part of Filaret and his retinue. However, the UPTs-KP is in a dire need of funds for reconstructing ruined churches and building new ones, as well as for rendering assistance to poor children and the elderly.

[Signed] Police Major I. Zahrebelnyy, head of the Second Department of the UBOP GU MVD in Kiev . [Zahrebelnyy's signature in handwriting] [end text]

Kiev Police Officials Suspended

LD0308192295 Moscow INTERFAX in English 1743 GMT 3 Aug 95

[FBIS Transcribed Text] Kiev, Aug 3 (INTERFAX - UKRAINE) — Deputy Chief of the Kiev Law Enforcement Department, Vladimir Budnikov, and the commander of the Kiev Berkut riot police unit have been suspended for the period of the investigation of the July 18 clashes on Kiev's Sofia Square.

On this day Kiev police used force to dismiss mourners during the funeral of Patriarch of Ukrainian Orthodox Church, Patriarch of Kiev Vladimir.

Ukrainian Interior Minister Yuriy Kravchenko told a press conference in Kiev today that Kiev Law Enforcement Chief Nikolay Piddubny was currently on vacation and was not performing his duties either.

Earlier, Kravchenko admitted that the police actions, as a result of which several dozens of people were injured, were "inadequate in such a situation."

Ukrainian Prosecutor General Vladislav Datsyuk told the same press conference that the investigation into the incident was continuing and witnesses currently being interrogated. He failed to indicate even an approximate date for the investigation's end.

Kuchma: Rising Crime Main Threat to Ukraine

LD0308161095 Moscow INTERFAX in English 1233 GMT 3 Aug 95

[FBIS Transcribed Text] KIEV, Aug 3 (INTERFAX-UKRAINE) — President Leonid Kuchma says that rampant crime poses a major threat to the very existence of Ukraine as a state.

In a opening speech to the joint meeting by the national security council and coordinating committee against corruption and crime in Kiev on Thursday, he called for "objective and calm" discussion of ways to combat rising crime.

For his part, Committee Chairman and Deputy Premier For Security and Emergencies Vasiliy Durdinets insisted the president issue a decree to set up a special bureau of investigation into dangerous crimes.

He also believes that measures must be taken to get back foreign exchange stashed away abroad illegally.

Durdinets pointed to the problem of illegal immigration and rising crime among Ukrainian citizens living abroad.

He put the number of exposed criminal rings at about 200. The number of daily crimes runs at about 700 including 13 cases of murder, 26 of bodily harm and 346 of theft.

An annual 9,000 illegal immigrants are detained at the country's border checkpoints, 8,000 of them foreigners trying to use Ukraine as a transit point on the way to Europe. There are 40,000 illegal immigrants in Ukraine at the moment.

Human Rights Activists View 'Mafia's' Role

WS0308131095 Kiev HOLOS UKRAYINY in Ukrainian 27 Jul 95 p 3

[Article by S. Myloslavskyy: "Human Rights and the Mafia" — first paragraph published in box]

[FBIS Translated Text] The "Antimafia" protection of human rights association was established in Dnepropetrovsk in August 1995. During the course of our activities, we have realized that comprehensive protection of human rights is a very urgent problem in Ukraine. And here is why.

First: We believe that mafia structures in Ukraine have emerged primarily as a special instrument of the state's new economic policy.

Research into the reasons behind this kind of policy is a topic for a separate conversation. Meanwhile, in the current article, we would only like to point out that the "shadow" economy began to develop in the former USSR long before the current events; therefore, the reasons behind the change to the new economic policy are more of an objective nature than of a subjective one (party bureaucrats' desire to become owners, state leadership's mistakes, and the like).

The following factor became a special feature of the so-called perestroika: During its implementation — initiated by the party nomenklatura and carried out to serve its goals — solely the state's economic foundation was changed, **while the issue of power remained unresolved**. Our state's political superstructure — despite the fact that it underwent certain superficial changes — in fact remained unchanged (given that changing names does not amount to changing power). This is what determined the course of all the events that followed.

It might seem that after laws were changed and money taken out from "stockings" and invested in businesses, the economy would flourish. However, we see a totally different picture. And here is why: "Shadow" moneys were invested, but those were by no means investments in the production sector. That money was invested in such economic sectors as the new commercial structures, in which the money was "laundered" and thus yielded fast maximum profits. There were wholesale "buy and sell" companies, all kinds of small and joint enterprises, which stuck to state-run enterprises like mollusks to a ship hull, and — while producing nothing — earned billions in profits; there were banks, which would finance only the "buy and sell" companies and live solely thanks to inflation, that is, at the expense of your and my poverty and would not hurry to invest in the production sector; there were insurance companies, the gambling industry, and many others.

Second: Having occupied the leading positions in economy and unwilling to give possible rivals access to those positions, the former party nomenklatura members, who changed their profession and became businessmen, are successfully using the state's power structures, including the tax inspectorate, appropriate departments and directorates of executive committees, the Customs Service, the police, the Security Service (the former KGB), the Prosecutor's Office, the courts, and... the purely criminal elements.

Endless checks and "raids" carried out by the OMON [special task police force] without any reason, fabrications and manipulations with discrediting materials, preventive detention for 30 days, arrests and imprisonment in investigation cells for up to 18 months (!) without any court warrant, pressure within prisons, and finally, physical execution by racketeers and killers — this is an incomplete list of methods of "competition," which can make reluctant for good any entrepreneur who has high self-esteem and thus hopes to "rise" above the average level on the market.

A combination of the aforementioned economic and power structures has created a certain "state within a state" in our country. That is why we refer to this phenomenon as the "mafia," although this Sicilian word does not quite suit our Ukrainian model.

Yes, economic transformation was necessary, given that solely healthy competition between forms of ownership, between enterprises and entrepreneurs, and finally between political parties, can guarantee progress to humankind. However, where is this competition? **The monopoly of the powerful CPSU was replaced by an equally powerful monopoly of mafia structures**. That was all.

Third: We are deeply convinced that... law enforcement bodies in particular... the units for fighting organized crime represent the (and therefore, the principal) link in the Ukrainian mafia chain. It is understood that we do not mean their entire personnel; as a rule, we mean their leadership, which on the one hand possesses operational information, and, on the other hand, can make decisions based on that information.

We have mentioned the fact that communist chiefs decided to build capitalism in Ukraine. "The green light" was on for the "shadow economy," which was the only way to accumulate primary capital. In response to this, racketeering (extortion) flourished. Initially, when racketeers' victims were comprised of petty traders, unscrupulous bartenders, foreign currency traders, and the like, nobody treated racketeers seriously. They were under the jurisdiction of criminal investigators, while courts usually declared suspended sentences for their fines and corrective labor. However, when small and joint enterprises appeared on the arena, founded by the former party nomenklatura, when tangible capital began accumulating in the aforementioned structures, racketeers concentrated their attention on the latter. Moreover, instead of demanding one-time large sums of money, they more and more often began to demand regular taxes from people under their "protection." Former party and economy bosses did not like such attacks, however, given that they still had both money and power in their hands. They undertook appropriate measures of both a legal and organizational nature. Punishment for extortion became more severe and to protect one type of crook (economic ones) from another kind (criminal), the so-called "sixth departments" (directorates) were simultaneously set up in the police and the Security Service.

I can imagine the indignation on the part of certain high-rank people with epaulets who would say: Yes, such instances occur among us, too, but we are fighting them.

However, in the given case we are not speaking:

— about individual cases of corruption;
— about law enforcement agencies' attempts to build a "roof" over the mafia's criminal activities;
— about the so-called "separations" popular in units for fighting organized crime, when entrepreneurs that seek protection and the racketeers who "attack" them are simply "separated" without opening a criminal case;
— about the so-called "police racket" when certain chiefs of the "sixth departments" (directorates) openly demand that entrepreneurs pay "taxes" directly to them, instead of racketeers;
— and even about the "state racket" in general, which has grown to never before seen dimensions unseen, and is much more dangerous than, so to speak, a "private racket."

We are speaking about **specific interests** of specific members of mafia structures. This is due to those interests who say that all attempts to put an end to the mafia's rule in Ukraine are doomed for failure. This is what we observe in practice.... Those interests lie in the fact that the leadership of law enforcement agencies of various levels — and those are the aforementioned party nomenklatura members — invested their "shadow" capital (the source of that capital deserves a separate discussion) in the aforementioned economic structures, and, instead of bribes, currently receive **shares** in profits earned by those enterprises. Meanwhile, this is a qualitatively new situation.

At present, one can hardly find a private and, probably, state-run enterprise which does not finance racketeers. At the same time, not a single manager rushes to the police with relevant reports, given that the process of convergence between the "white collar" and ordinary crime is developing to the satisfaction of both sides. In our state criminal dons have more authority than state bodies: They possess virtually all the operational information about their region, may more precisely and quickly detect their offenders, beat out debts, and so on.

Fourth: Mutual cover-ups were firmly established in law enforcement bodies long ago — which is a very relevant factor — when one boss would possess discrediting information about another boss (for instance, a chief of the sixth department about a police chief or a prosecutor), and the latter would be forced to cover up the former's criminal activities. This is the second half of the question on why our courageous law enforcement agencies "have not managed to liquidate a single large racketeer-mafia gang."

Prosecutor's offices and courts base their relations with the units for fighting organized crime on the same basis. There was a time when prosecutor's offices did not supervise — even formally — the activities of the sixth departments (directorates). In fact, nothing has changed. The supreme supervising body prefers not to look too deeply into the activities of "so important an agency." Prosecutor's offices issue warrants for searches, arrests, or the tapping of telephones, taking the agency's word for it, without any special justification. When determining punishment, they are driven not by facts or a criminal's personality, but by "operational needs." History repeats itself: The sixth department is steadily acquiring the status of a "superstructure," and the more unrestricted rights our legislature grants to them, the more organized will organized crime become in Ukraine.

In fact, nothing is being changed in the Interior Ministry. An enormous flock of police generals has been produced (village precinct policemen may soon be nominated generals); the name "oblast interior directorate" has been changed to "oblast Interior Ministry directorate" — which was deemed a radical structural and personnel reform of the police; reporters have been told that those who once abandoned the police may be returned to the agency. However, this has not changed the situation! All those who more or less know the actual state of things understand that criminals cannot be drowned in a flood of generals' caps. Mafia structures in Ukraine have penetrated so deeply and widely into the political system that if an "outsider" from another oblast is appointed oblast directorate head, this does not worry the mafia. Meanwhile, talking about the return of former officers is pure populism, because those who really deserve a "return" were once dismissed under fabricated pretexts by those who are now talking about this "return."

Fifth: We believe that instead of fighting the mafia, an unprecedented discrediting and imitation of that fight is currently under way in Ukraine.

There were many discussions about the reasons behind the institution of criminal proceedings against [former Acting Prime Minister] Zvyahilskyy, [People's Deputy] Bozhenar, and others. There were rumors about squaring political accounts and about anti-Semitism.... It is clear that those were neither political accounts nor anti-Semitism. What happened was that — consciously or not — one mafia clan was fighting another and was using law - enforcement bodies to do the job. Our ignorant press was depicting this to our ignorant average citizens as "self-denying struggle against crime."

Do you think that 200,000 tonnes of gasoline can be transported out of a country unnoticed, like a lighter in a pocket? And that Ukraine's special services did not know anything about this? Of course they did. Now, they line up to confess about this. Now! But then the alignment of political forces was different, so they kept silent. Moreover, we are sure that also today someone keeps in his strongbox discrediting materials about the state's leaders. Until the right moment comes....

A certain esteemed man once said that he does not care who betrays whom as long as this facilitates work. This looks convincing at first glance; however, it hold only for an operational or investigative officer who only care about their personal accomplishments. We believe that the state in general is not indifferent when instead of eliminating, the process of establishing and solidifying the mafia structures is under way. Roughly speaking, one mafia is being replaced with another — at yours and my expense. We do not think that life became easier for ordinary people after a number of well-known people were arrested and our sick economy finally began to recuperate.

Many people turn to our human rights organization, including workers, farmers, pensioners, and entrepreneurs, particularly after they have exhausted all possible means and cannot independently break out of the vicious circle. Former and current law enforcement officers come to us, bring discrediting materials, and suggest that they "take care" of a certain high official. They also suggest creating a "black squad." We explain to everyone that we have no right to duplicate the functions of the state, and that we will never do that. We cannot fight the mafia the way ordinary crime is being fought. There is only one way to do this — **extremely tough**, however unfortunately **the only one possible** — by political methods. This would be much more effective than small bites. There is only one way to cut this Gordian knot and guarantee the observance of human rights in Ukraine: By bringing new people to power, those who never belonged to the group of the so-called party-and-economy activists.

Reform of economic relations in society by all means must be completed by reform of the political superstructure.

To implement this program, we should create a new, let us say revolutionary-democratic party, whose name would reflect both the ultimate goal and the ways to achieve it. It should be added that the word "revolutionary" does not by any means imply violent methods; it simply denotes that the removal of bureaucrats who are up to their necks in corruption will produce genuinely revolutionary changes in the state. Moreover, a change of power is particularly necessary to avoid a civil war in Ukraine.

The necessity of creating a new party is also dictated by the fact that a unification of all democratic and national-democratic parties, which is currently so urgent, is practically achievable solely from the "bottom."

We should not invite people into that party, or even ask them for some sort of open support. We should persistently explain to them who cheats them and how, help them realize those things, and then one day when they go the polls, they will not cheat themselves.

Dollar Circulation Banned, Russian TV Cutback

MM0208140195 Moscow IZVESTIYA in Russian 1 Aug 95 p 2

[Report by Yanina Sokolovskaya: "Ukraine Stops Circulation of Dollar and Cuts ORT [Public Russian Television] Broadcasting"]

[FBIS Translated Text] Kiev — Plans for the first measure were hatched long ago in the Ukrainian upper echelons. By banning the circulation of the dollar from yesterday, the country's authorities are trying to get their hands on millions of dollars stashed away in their fellow citizens' piggy banks. Furthermore, the ban on the circulation of freely convertible currency is a preparatory step toward introducing in Ukraine a permanent monetary unit — the hryvna — which, according to L. Kuchma, will take place "in October at the latest."

The current attempt to scrap the dollar is the second in the last six months. The first, scheduled for 18 February, created alarm in the currency trading sphere and caused it huge losses, but did not actually go ahead. A few hours before the decision to ban the dollar came into force Ukrainian National Bank Chairman Viktor Yushenko, who was abroad on official business at the time, sent his subordinates a telegram saying: Leave the dollar alone, let it be.

Realizing that government economists' steps are unpredictable, foreign currency stores switched to trading in a karbovantsi equivalent. The current dollar ban does not worry them much. Export enterprises working with foreign currency have been promised a concession — the abolition of the mandatory 50-percent sale of foreign currency to the state. Citizens, having heard economists' forecasts that the dollar rate will rise substantially after 1 August, are also not very concerned about the abolition of the circulation of freely convertible currency, and judging by data from polls they have no intention of taking their saved dollars to exchange offices.

Many more of the country's inhabitants were alarmed by the report of a reduction in broadcasting to Ukraine by Public Russian Television [ORT]. Not only is its airtime being cut from 1 August — it is also being transferred from Russian Channel 1 to Ukrainian Channel 2, which decreases ORT's audience by approximately 20 percent. In addition it is intended to transfer responsibility for funding the television company's broadcasting to oblast authorities, allowing local broadcasts to be inserted into its schedule. According to news agency information Donetsk Oblast and certain other eastern areas of the country intend to pay for Russian broadcasting. Ukraine's western oblasts are not overjoyed at the prospect of funding ORT.

The Ukrainian viewer is not overjoyed at the prospect of being left all alone with domestic "homegrown" television. But, as Prime Minister Yevgeniy Marchuk explained, there is no option: ORT owes Ukraine 14.8 billion rubles, despite the accord it has exceeded the norm for broadcasting to the country by a factor of three, and it has not extended the agreement with Ukrainian Gosteleradio for 1995. ORT broadcasts have not been cut off entirely, this action has been taken only in order to avoid political false interpretations and preserve a single information area for the two countries.

Official: Government Did Not Move ORT to Another Channel

LD0308174695 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] KHARKOV, Aug 3 (INTERFAX-UKRAINE) — Ukrainian Deputy Parliamentary Chairman Oleg Demin has said that neither Ukraine's parliament nor its government decided to move Russian Public Television (ORT) to another TV channel. Those who made the decision "were in a hurry," he told a news conference in Kharkov Thursday [3 August].

According to a directive issued by the State Television and Radio Broadcasting Committee on July 18, ORT was moved to the second national channel, partially covered by local studios, on August 1. The step was explained by Moscow's debt for broadcasting ORT programs in Ukraine.

"This approach to the resolution of economic problems is rather gross," Demin remarked.

"As far as I know the opinion of the leaders of our state, the situation will be fixed," he added.

Demin emphasized that "no political games should be seen in this decision." "However, the authorities have to think out the consequences of their every step," he noted.

INTERFAX-UKRAINE learned that the Kharkov region had decided to continue broadcasting ORT, but this will require 9 million karbovantsy per month.

The Crimean Supreme Soviet had made a similar decision Wednesday.

Deputy Views Work of Legislature, Government

WS0308123095 Kiev KIYEVSKIYE VEDOMOSTI in Russian 29 Jul 95 p 3

[Interview with Viktor Suslov, chairman of the Commission for Financial Issues and Banking Activities and member of the Ukrainian Supreme Council Presidium, by Natalya Ishchenko; place and date not given: "The Legislature Should Recede for the Sake of the State's Stability" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] **As is known, chairmen of standing commissions of the highest legislative body of power will have to report on the results of their work to their colleagues at the beginning of the fourth session of the Ukrainian Supreme Council. It is interesting that when Oleksandr Moroz stated this at a Supreme Council plenum, he praised the chairman of the Commission for Financial Issues and Banking Activities. The Supreme Council chairman, in particular, stated that Viktor Suslov's way of presenting draft laws was always exact and convincing. At the same time, active reformers regard him as a steady conservative. Withholding label-type assessments, we present an interview with one of the leading parliamentary economists for our readers' attention.**

[Ishchenko] In the current situation, society, the president, and the government demand that Supreme Council quickly resolve issues of political and economic reform. As we see, however, this does not occur in reality.

[Suslov] I would like to draw your attention to the practical work of parliaments in the so-called developed countries. I was recently struck by a report that the Finnish parliament adopted a criminal code after it was discussed for... 100 years. Before this criminal code was adopted, the Finns used the criminal code of laws of czarist Russia.

Regrettably, at our session we face the never-ending law-creating race. For example, our commission worked on some 30 draft laws during the recent session. This number is too high. Deputies did not have an opportunity to fully and thoroughly study documents. Hence, there were inevitable mistakes. At the same time, one should not forget that lawmakers should study each normative document that is under Supreme Council consideration so that they can vote with full knowledge.

I try to explain that we should not adopt so many laws in such haste, because as a rule they have to be corrected later. When similar issues are discussed on a permanent basis and new decisions on them are adopted, when amendments and addenda to the already acting normative acts are introduced, this is not reform, but total destabilization of the legal environment of the state.

[Ishchenko] There is an opinion that strong politicization of the Supreme Council and the absence of, if not a single but at least a proximate position among deputies hinder resolving urgent problems of economic lawmaking.

[Suslov] It seems to me that public opinion does not quite correctly understand functions, tasks, and the arrangement of the Supreme Council. How can a parliament not discuss political issues, if it is a place where various political forces are concentrated and an arena where they come in conflict? Factions and groups are formed based on specific political features. There are also factions based on purely party affiliations and they cannot but pursue the political aims of their organizations. I think that demands to the effect that the Supreme Council should not lose time on politics is illusory. This is true for any society.

In general, the composition of the legislature, its activities, and adopted decisions reflect all variety of political and professional interests. I believe that thanks to democratic elections, the composition of the Supreme Council reflects the state of society and is its barometer.

Often there are attempts to prove that the legislature does not express the interests of the people. The Supreme Council, however, was elected by the people. If executive power operates in conflict with the legislature's opinion, this implies that it operates in conflict with public opinion.

The current Supreme Council could be dismissed and new elections could be launched. After this, however, the inevitable shift of the legislature to the left with all the ensuing consequences would take place. This implies that mutual relations between lawmakers and executive power bodies will become even more exacerbated.

[Ishchenko] We do not yet have the new Supreme Council, but we have the new Cabinet of Ministers....

[Suslov] Public opinion erroneously thought that the legislature does not make it possible for the president to nominate proper individuals to the government. So, this right has been taken away from the Supreme Council and ... familiar individuals have been appointed! As it turned out, the president has not won, he has lost, because all responsibility for potential mistakes of the cabinet in the future will be placed exactly on him. It will be no longer possible to lay blame on the Supreme Council.

At the same time, prerequisites for the exacerbation of disagreements between the legislature and the government are objectively strengthened in such conditions. In this connection, I, however, would like to mention the work performed by the prime minister. Despite the fact that the Supreme Council did not vote on his candidacy and that — according to the current procedures — he does not have to report to deputies on his work, Yevhen Marchuk has been holding expanded consultations on all important issues with deputies' groups and factions and with chairmen of commissions. He demands that the other members of the cabinet do the same. Deputy ministers and ministers now participate in discussing many economic issues in the Supreme Council and this gives grounds for great hope.

[Ishchenko] Hence, the development of mutual relations between the Supreme Council and the Cabinet of Ministers depends not on objective, but on subjective factors in the future. Can everything be changed if another individual is nominated as prime minister?

[Suslov] Yes, of course.

[Ishchenko] So, should the relevant legislation according to which the Supreme Council is currently operating be changed? Do you justify compromises made by legislative power to executive power, particularly do you justify the signing of the Constitutional Accord?

[Suslov] Ukraine must be a democratic state, because we are at the center of Europe. Therefore, power bodies must make compromises and not exacerbate relations. If another side cannot compromise, the deputies should do this. Even the sphere of the legislature's influence and its power could shrink. The political stability of the state is much more important. At the same time, one should not forget that beginning from a specific moment, reducing parliament's genuine power is done to the detriment of democracy.

The parliament in a normal state should operate on a full-fledged basis, it should adopt laws obligatory for all people and should nominate the government. Ministers should know that the people trust them in the name of the parliament. Sooner or later everything will fall in place. Nothing but time is needed to make everyone understand this.

Only Eight Nuclear Reactors Functioning

LD0308190395 Kiev UNIAN in Ukrainian
1515 GMT 3 Aug 95

[FBIS Translated Text] Kiev [no date as received] — Of Ukraine's 14 reactors, with a total capacity of 12,800 megawatts [mw], only eight are currently functioning, with a total capacity of 5,312 mw, the public relations department of Ukraine's State Committee for the Use of Nuclear Power told UNIAN on 3 August.

Of the five generating sets of the Zaporozhye nuclear power station, only two are functioning today, at 50 percent of their capacity. Of the three generating sets of the South-Ukrainian nuclear power plant, only one is functioning; at the Rovno nuclear power plant, a generating set with the capacity of 1million kw is under repair, while two other less powerful reactors are functioning.

The Chernobyl nuclear power station is Ukraine's only nuclear power station operating under full load. It produces over 40million kwh of electricity daily. However, even at this station the first generating set will have to be stopped on 5 August for a 64-day periodic maintenance, the public information department of the Chernobyl nuclear power station production association told UNIAN.

AES Chief Warns of Stoppage if Funds Not Paid

AU0308195995 Kiev DEMOKRATYCHNA
UKRAYINA in Ukrainian 1 Aug 95 pp 1, 2

[Commentary by Volodymyr Pavlovych Fuks, general director of the Southern Ukrainian Atomic Electric Power Plant, recorded by Yevhen Yampolskyy: "We Resemble the Gypsy Who Wanted To See How Long His Horse Could Survive Without Food"]

[FBIS Translated Text] We in Ukraine have inherited from former times 13 operating nuclear power units, which cost, in present prices, between $2.5 billion and $3 billion each. As a good master is expected to do, we must keep them in a good state. Even though we at the Southern Ukrainian AES [Atomic Electric Power Plant] made this our goal several years ago, it has taken too long to get home to the authorities. On the contrary, we have rather met with counteraction. This is first.

Second — also a truism, for it is reiterated day after day: While electricity production generally decreases, this does not apply to atomic plants. Speaking about our Southern Ukrainian AES, in 1990-91, on the eve of the disintegration of the USSR, we produced 15.5 billion kilowatt/hrs a year; this is equivalent to approximately 4 million metric tons of oil. Over the recent particularly difficult three years, the plant has been producing 16.9 billion kilowatt/hrs a year. As you can see, there is no decrease, but on the contrary, a 10-percent rise. This is due to the safety margin — a quality typical of the entire nuclear power engineering.

As any fundamental structure, it takes a long time to be created, but it may function for a long period of time, even without repairs. However, this should not be misused. It is not for no reason that our Western colleagues have derived a well substantiated index: Every year, they invested $29 million per every 1 million capacity for the purpose of renovation. This amounts to 0.3 cents per kilowatt, and the profitability of Western plants is approximately between 1.5 and 2 cents [per kilowatt]. Therefore, some 20 percent was taken from the profit. With this procedure for renovation, they have, over recent years, made their AES's reliable and stable. This enabled those same Americans to determine their present principle of operation of atomic power units — in short, everything is just fine. However, our partners have not stopped on this: They have now increased the sum that they invest per every million of capacity to $30 million.

At the same time, the Southern Ukrainian Plant, just like the rest of our Ukrainian AES's, has recently been investing not more than $5 million or $6 million to renovate three units. In these adverse conditions, the available safety margin has made it possible for us to keep going and even, as I already mentioned, to increase the electricity production somewhat.

The branch is kept alive owing to stringent one-man management and responsibility and experience, especially among the managerial personnel. Meanwhile, it wouldn't be a good idea to repeat the sad experience of the Gypsy, who wanted to see how long his horse could survive without food until, in the end, he lost it.

Where is the borderline beyond which we can no longer put up with the present state of affairs? It is very difficult to determine it. The state is in a very difficult situation. One would like to persevere a little bit more and once again a little bit more.... Nobody knows when this "little bit more" will end. The AES operates? It does. Does it ensure profit? Yes, it does. An old topic.... Our branch has probably made investments in all spheres of industry, primarily in such an energy-intensive one as metallurgy. We provided it with cheap electricity, at prices much lower than those at which we obtain energy sources and lower than world prices. Thereby we have helped branches that are consumers of electricity to be competitive on their market. However, all of this has not been, so to speak, legally or economically accounted for. Who will now return or at least acknowledge what has been received largely for free? I believe that it is in the state's interests to make economic claims upon the dependents.

Thus, nobody knows exactly when we are going to reach the borderline that our branch cannot cross. It may even be quite close, or perhaps we have already overstepped it. Why do I say so? At our plant, more than one third of the 180 safety systems that control the process have exhausted their serviceable-life limit. Manufacturers do not warrant their continued operation.

We take those systems, fix them on stands, test them, and try to convince officials from supervisory bodies: Look, it operates.... However, conditions at the stand are like in a laboratory, whereas in production they are totally different. The incentives and the skills of the operators are also different.

Just the fact that more than one third of the equipment has exhausted its serviceable-life limit is significant in its own right. Some people may argue: Things that you are saying are known — they are obvious. What needs to be done? What do you suggest may be done to improve the economy? My answer is this: What you are asking about has also been discussed more than once. It seems, however, that this should be emphasized over and over again.

We cannot sell electricity to the population at prices much cheaper than its actual cost (here, I deliberately skip such things as social protection or special categories of citizens), because consumers tend to cease saving electricity. For example, until recently, a village resident could pay for the electricity he consumed after he sold just 15 eggs at the market. However, fuel is very expensive! This is taken into account all over the world. In particular, electricity for individual consumers is several times more expensive than for industry, because it is easier to save it in one's household. It is the other way round in our country: Electricity is becoming more expensive for industrial enterprises, and they, through their products, make the population pay this difference in price. That's how it is!

Just try to dismantle this unprofitable mechanism and convince people psychologically that it is more advantageous to pay more for electricity, because it is easier for them to save it.... The people simply do not believe that a part of their money will return to their own pockets.

Generally speaking, it is time to gather courage and explain to the people that they must pay [word published in boldface] for electricity. If this situation prevails, we may simply forfeit our atomic power engineering.

Any more or less serious accident at a Ukrainian AES may lead the world community to refuse to deal with us. In this case, the French may lose their own atomic power engineering capacities, because the population there has full confidence in the government, and the country derives large profits from the branch. The situation is similar in Germany, in the United States, and in Great Britain....

Not so much is required to prevent this from happening — to adhere strictly to the existing norms and rules. Yet, we keep violating them seriously. By way of example, the law on atomic power engineering has been adopted in Ukraine. The law distinctly specifies that the operating organization, that is to say the AES itself, is answerable for the safety of the plant (the government is not formally responsible for this). International documents also stipulate this. I personally am responsible for the safe operation of the AES as its director, but the law also reads that, for this, I must have sufficient funds to ensure safety.

In reality, however, the state has given us duties, without obliging the consumer, whom we supply with electricity, to pay for it. Moreover, attempts are made, in the presence of the managing administration, to channel funds to the AES from above in an administrative manner: They tell us whom to pay and whom not to pay.... This is a command approach not devoid of subjectivism and protectionism.

It is necessary categorically to condemn attempts at creating such preconditions in economic relations when somebody else will decide for me whether to provide me with funds or not. Once the AES has produced electricity, please pay! It is a different matter that the rates must be adjusted; also check strictly whether or not I raise the price unnecessarily. This is precisely the task for the state: To check how I spend money and to hold me responsible if violations are revealed.

I wrote a letter to the esteemed chairman of the parliament [Oleksandr Moroz] to let him know that the law has been violated and that we do not get payment for the product we generate. I am unable to ensure the fulfillment of the requirements stipulated by the law. The addressee authorized a corresponding Supreme Council commission and the government to look into the matter. However, to authorize is one thing and to decide is something else. There are presently no funds. The newly created government dealt with this issue at one of its first sessions.

Winter is near at hand. We are nearing the winter season while being catastrophically unprepared. We were lucky — a few previous winters were quite warm. We are told: Stop intimidating us. No, we just warn that we will survive if this coming winter is warm. If it is cold, we will halt operations. There is still no fuel for the next year at the Southern Ukrainian AES. Nor has the spent fuel been removed. Consumers owe the plant 8 trillion karbovantsi. Over the last two and one half months we have not received a cent for the electricity we supplied.

Emergence on the market does not simply amount to climbing a higher step. It is a lengthy process. The smoother it is, the easier it is going to be for all of us. If only we were allowed to make use of direct ties and to have direct purchasers of electricity in the person of enterprises that are able to pay. This is an indispensable condition for the market. We would establish such ties even today. Instead, there is a long chain of intermediaries between us and the customer. It is so stretched that I cannot get in touch directly with the consumer.

It might be a good idea to leave 50 percent (of course, this is an arbitrary figure, which may in reality be 40 percent or 60 percent) of electricity we produce at our disposal. I myself will find a buyer on the market. Perhaps, I will even sell him electricity at a lower price so that when he rises to his own feet, he will repay his debt to me. The attempt to turn over this function to state structures or regions instead of creating corresponding economic structures, leads to wasting this electricity. Of course, one also deals here with the inexhaustible desire of bureaucrats to remain in charge — to distribute, dictate, or recommend. These attempts cannot be considered selfless either.

The present Southern Ukrainian AES is not just an electric plant, but an industrial combine that has taken upon itself the protection of its workers from problems of life. I mean the town of Pivdennoukrayinsk with its 42-thousand strong population. Everything there, with the exception of schools, is financed by us, in particular, the entire housing space available, all children's institutions, roads, all systems for satisfying vital needs, and communications.

In short, an elegant system of management of urban economy has been created. If hot water suddenly fails to be supplied to some apartment for half a day, the tenant calls me, for it is an emergency situation. Not more than 2 or 3 percent of house elevators at a time may be out of operation, but this means that they are being taken care of. Normal sanitary conditions are maintained. For example, rainwater is not dumped into the river, but is purified. The communal services conform to modern requirements.

We also have our own agrarian sector: Land, milk livestock, 3,000 pigs, six hectares of covered soil — residents of the town get fresh vegetables at any time of the year. There is a building organization.

However, occasionally, one hears such calls: "Let us put all of this under the control of the Executive Committee." Well, the Executive Committee is not prepared to take charge of the powerful engineering structures. All the more so since they are interconnected with the services of the AES itself. We reply to this: Okay, let us pass the housing over to the Executive Committee, but also, without destroying the infrastructure, let us conclude an agreement stipulating that the Executive Committee hires us to provide services at the expense of the budget. Leading oblast organizations have supported our approach.

I believe that my colleagues — leaders of AES's — will see my point. If a worker comes home, and there is no hot water there, no heating in winter, and cold water is not supplied on a regular basis, this will result in considerable losses for such a complex production as atomic power engineering.

It would suffice to say that, in 1994, four deputy engineers in chief and six chiefs of production shops and their deputies left the plant. We have also lost quite a number of skilled workers. Because in Russia, salaries are one and one-half to two times higher that what we pay them here. Fortunately, however, we had a reserve of workers.

Whether we want it or not, this is a crucial time: The fate of nuclear power engineering is being decided.

Kirovohrad Plant Granted Right To Export Uranium

*WS0408085995 Lvov INFOBANK in English
0810 GMT 4 Aug 95*

[From the "News Service" feature]

[FBIS Transcribed Text] On August 3 Ukrainian Deputy Prime Minister Anatoliy Kinakh at a meeting with representatives of the Eastern mining concentrating mill's workers' collective (in Kirovohrad Oblast) reported that Ukraine's Cabinet of Ministers has decided to allow the plant to independently sell and export a portion of its refined uranium concentrate. According to Mr. Kinakh, such a step will make it possible to stabilize the plant's economic situation and pay off wages owed to workers. He also said that Ukraine's State Atomic Energy Committee has been given a loan of 120 billion karbovantsi which will be paid to workers at the Eastern mining concentrating mill, who have not received their monthly wages since May. As a result, plant's staff had announced that they were ready to go on strike. Presently, according to the deputy prime minister, plans are being made to give certain privileges to workers who mine and refine uranium ore, as well as to residents living in nearby areas.

Economic Issues

Privatization Figures Up in First Half of 1995

*WS0308122795 Kiev INTELNEWS in English
0041 GMT 3 Aug 95*

[FBIS Transcribed Text] Kiev, Aug. 1 — The privatization rate increased 8.1 percent for the first half of 1995, the State Property Fund announced.

The SPF based its findings on figures from the second half of 1994.

However, 1995's first half figures fell by 40 percent compared to the first half of 1994.

The SPF said that privatization results improved in the second quarter of 1995, reaching rates comparable to the first three quarters of 1994.

SPF data revealed that large-scale privatization in the first half of 1995 increased 6.5 percent over the same period in 1994.

Compared to the second half of 1994, large-scale privatization in this year's first half improved by 34.1 percent.

Bankers Fear Competition From Russian Banks

*WS0308122995 Kiev INTELNEWS in English
0041 GMT 3 Aug 95*

[FBIS Transcribed Text] Kiev, Aug. 1 — Ukrainian bank leaders were dismayed by Tuesday's [1 August] announcement that TverUniversalBank (TUB), one of Russia's largest, announced its intention to seek the right to open direct correspondent accounts in Ukraine's electronic banking system.

Sergei Pushkin, director of TUB's Interbank Transactions Center, and Volodymyr Stetsiura, chairman of its Kiev Representative Office, said that while the bank was to be connected to the system in May or June, this did not happen due to lobbying by several major banks from Kiev and Dniepropetrovsk.

The Ukrainian bankers cited the danger that their clients would switch to the Russian bank and worsen the flow of capital from the country.

But Pushkin said that the same thing happened in Russia in the early 1990's, when foreign banks such as CitiBank and Deutsche Bank, came there.

Volodymyr Stetsiura said, "TUB is looking where to invest its resources, and, in particular, in the securities market of Ukraine, which does not exist today, but will appear tomorrow."

In addition, he said that connection to the system and affiliate formation (the latter scares Ukrainian banks the most) rule each other out, and there is no need to form an affiliate as all the transactions will be handled by the chief office, by the TUB itself. It was also announced that Russian Alpha Bank, Rossiyskiy Kredit (Russian Credit) and Delovaya Rossiya (Business Russia) banks want to establish a presence in Ukraine.

Reconstruction, Development Bank To Invest in Crimea

LD0408091695 Kiev UNIAR in Ukrainian 0715 GMT 4 Aug 95

[FBIS Translated Text] Simferopol — The European Bank for Reconstruction and Development [EBRD] has decided to launch intensive activity in Crimea, the press service of the Crimean autonomous republic's government reported.

With the political situation in Crimea stabilizing, the EBRD is to invest over $10 million in the Crimean economy in the next two years, Oleksandr Savchenko, EBRD executive director, told Crimea's prime minister, Anatoliy Franchuk, at a meeting on 2 August.

It is expected that investment will primarily be channeled into the extraction of oil and gas, operation of new deposits and improvement of the peninsula's fisheries and refrigeration facilities.

Belarus

President Outlines Main Aims of Foreign Policy

LD0308174095 Minsk Radio Minsk Network in Belarusian 1600 GMT 3 Aug 95

[FBIS Translated Text] Problems of the effectiveness of foreign policy activity were considered today at an expanded sitting of the collegium of the Ministry of Foreign Affairs. Belarusian President Alyaksandr Lukashenka, Prime Minister Mikhail Chyhir, heads of ministries and departments, and heads of permanent missions of the republic abroad took part in the sitting.

The participants heard a report by the Minister of Foreign Affairs Uladzimir Syanko and exchanged views on the most pressing problems in the state's foreign policy. A speech was made at the sitting of the collegium by President Lukashenka. He stressed that the priority direction in the activity of the Ministry of Foreign Affairs and permanent missions abroad must be to ensure the republic's economic interests. He paid special attention to questions of improving the organization and planning of foreign policy activity, and ensuring material, technical, and personnel requirements.

Lukashenka Addresses Foreign Ministry Meeting

WS0408090195 Minsk BELAPAN in English 0820 GMT 4 Aug 95

[FBIS Transcribed Text] On 3 August, the expanded meeting of the Board of the Foreign Ministry was held. The participants discussed the effectiveness of foreign policy. President Alyaksandr Lukashenka, Prime Minister Mikhail Chyhir, and leaders of some ministries and departments and heads of permanent delegations of the Republic in foreign countries took part in the meeting. Foreign Minister Uladzimir Syanko spoke about most acute problems of foreign policy.

Delivering his speech President Lukashenka stressed that the wealth of a person, a Belarusian citizen, is the most elevated objective of his policy and that he would conduct this policy supported by the majority of the people. Lukashenka also declared: "Belarus is and it will remain a sovereign state. As the president and the guarantor of sovereignty and independence of our state, I will make every effort to implement these notions in real life. Belarus will fulfill its international obligations in disarmament, but it is necessary that these problems be resolved humanely, but not carried out at the expense of our long-suffering people. In this country, we will firmly follow international standards in the sphere of human rights." The president pointed out the necessity for every branch of the state power to work within its competence determined by the Constitution of the Republic of Belarus and emphasized that he "will do everything he can so that the Supreme Soviet of the Republic of Belarus would be elected and began working." Lukashenka noted that the provision of economic interests of the Republic should become the priority direction in the activity of the Foreign Ministry and of permanent missions abroad. He also declared that foreign political and economic activities should be improved. A special commission will be created in the near future to prepare concrete suggestions. Special attention was paid to the improvement of organization and planning foreign political activity and its provision with material and technical as well as human resources. According to the president, every citizen of Belarus who possesses necessary personal and business qualities should have a possibility to join diplomatic service.

After the meeting was over, the president noted in a conversation with the press that there should not be too much talk about his participation in such meetings. That time there were rumors that Minister Uladzimir Syanko would be shamefully dismissed from his office as well as that he would be awarded with Medal "The Hero of the Republic of Belarus" No. 1. This approach is only harmful for the common cause. The president noted further that he "sharply criticized the ministry and its foreign branches." Still, more criticism was directed at different ministers, who had not responded to suggestions of the Foreign Office and other diplomatic services for more than a year. According to Alyaksandr Lukashenka, he offered Mikhail Chyhir to hold a sitting of the Cabinet and give the assessment of such inactivity. "These are the people to be chopped their head off," the president said. The head of the state gave a high assessment of Mr. Syanko's work calling him a decent person. "I am satisfied with him as minister. If he has not fulfilled everything he planned, this is only because he did not have enough time," the president said. To conclude the conversation with the press, the president remarked that he was satisfied with the meeting although it was unpleasant for some. Both the president and the ministers learned a serious lesson from diplomatic representatives of Belarus abroad, Alyaksandr Lukashenka stated.

Officials Evaluate Harvest Progress

WS0408121595 Minsk VECHERNIY MINSK in Russian 2 Aug 95 p 1

[Report by Viktor Ovcharenko: "We Will Have Bread, and a Wineglass, Too?"]

[FBIS Translated Text] A press conference took place in the Cabinet conference hall on 31 July 1995, attended by Prime Minister Mikhail Chyhir and Deputy Prime Ministers Syarhey Linh and Uladzimir Harkun. They informed journalists about the progress of the harvest on Belarusian fields, mentioned the "hottest issues" of our agriculture, and informed on how the government is solving these problems.

As Mikhail Chyhir reported, people had already gathered 36 percent of the harvest, and so far there was no reason to worry. The harvest is going on everywhere at a continual pace. The country has received 50,000 tonnes of fuel and lubricants from the government reserve to successfully carry on agricultural tasks.

What will be the price for the grain given to the state? This was the second question that worried both farm managers and farmers. The government had decided on a constant price, that is, the one that had been agreed on earlier with the farms. But if this price is reexamined and raised, then the price for already submitted grain will also change. The main preoccupation now is to execute the state order and to fill the silos of the Republic.

Incidentally, Belarussian President Alyaksandr Lukashenko has signed a document on timely payments to farmers for the grain. This is one more stimulus. The prime minister thinks that this decision will be hard to implement; nevertheless, it will be. This is why credits exist.

He cited a few figures on grain crops. In some farms, people have harvested already up to 10 percent of the crop areas. The productivity amounted to 25.1 metric centner per hectare. There is hope we can gather about six million tonnes of grain. In short, we expect to have a harvest on the level of the previous year. So, we will have bread!

Though the prime minister assured at the very beginning of his speech that there was no reason to worry about the harvest progress, still one could sense his general anxiety about the state of things in agriculture — for instance, when he was speaking about large fluctation in wages between particular farms.

The deputy prime ministers displayed similar concern in their speeches. For example, Syarhey Linh noted irresponsible attitudes at some farms: Farmers say the state will assist and write off debts. Some of them are downright negligent about the fuel and lubricant consumption; the tractors' engines stay on when even when they are not working; farmers forward grain to the government by themselves, while the government organizes special transport which is provided with governmental fuel.

Uladzimir Harkun revealed that the group here had traveled through the rayons the day before, making sure that harvest was actually on, but it still had to be gathered. This is possible, given all forces and reserves are combined.

Journalists directed a lot of questions to the leaders of the Cabinet; they were also keen on the agricultural subject. One of the answers, it seemed to me, deeply dissapointed the audience of the conference: Only 300,000 tonnes of grain goes for the production of alcohol products, but it is a "strategic raw material" and a "liquid currency." Still, we were appeased: There are prospects for the potato harvest....

This was a relief of the tension.

There was also a question off the conference's subject — about the search made at the apartment of the prime minister. Some verification followed: The search was made at his former apartment, where currently his sons are living, and also in the garage. One of the sons was suspected to have bought stolen spares, something suddenly revealed by someone under investigation. The deputy public prosecutor of the Frunzenskiy Rayon of Minsk gave his sanction. The search disclosed nothing.

""What is my view of it? Normal. There is no harm if the internal affairs bodies think that one has to look for spares in bed," Mikhail Chyhir said with a slight grin, accompanied by general laughter of the audience.

Moldova

Legislator Rejects Integration Within NATO, CIS System

AU0308171495 Chisinau INFOTAG in English 1913 GMT 2 Aug 95

[FBIS Transcribed Text] Chisinau INFOTAG, 2/8/1995 — The chairman of Parliamentary Commission on Human Rights and National Minorities, Vladimir Solonari, believes that Moldova should strictly observe permanent neutrality written in the Constitution.

His article "Will the West Meet the East?," published in the NEZAVISIMAYA MOLDOVA newspaper on Tuesday [1 August] reads: In our situation it means neutrality in the contest between NATO, seeking eastward expansion, and Russia, wary of this policy and eager to guarantee CIS defense by taking over the leading role.

Constitution demands to steer clear of the CIS defense system and NATO. This statement is not a random one. It's our conscious political choice, said the author.

Vladimir Solonari mentioned that left-wing politicians air criticism of neutrality and would rather have Moldova join the CIS defense system.

This would be a gross blunder. Ukraine refused to participate in it, likewise it denied participation in

NATO. Given our geography we can not join the CIS defense system round Kiev. Moldovan participation in NATO would rile Russia, endowing NATO's expansion with anti-Russian motives, said the author.

Vladimir Solonari spoke for the balanced openness and neutrality. To upset the balance means to call for most treacherous prospects, concluded the author.

Further on Party Official's Statement

AU0308171595 Chisinau BASAPRESS in English 2119 GMT 2 Aug 95

[FBIS Transcribed Text] Chisinau INFOTAG, 2/8/1995 — While Romania is getting nearer NATO, the stipulations of Article 2 of the Moldovan Constitution on permanent neutrality can be seen as right, Vladimir Solonari of the Socialist Unity Faction told the governmental newspaper NEZAVISIMAYA MOLDOVA (INDEPENDENT MOLDOVA.)

"In our concrete conditions, this means neutrality in the face of the confrontation between NATO, with its policy of expansion in the East, and Russia, which is concerned by this expansion and is attempting to create, under its control, a joint protection system in CIS," said Solonari. According to him, by accepting the Partnership for Peace program the Chisinau Government and parliamentary majority had no intentions to ease Moldova's entrance in NATO. On the other hand, Moldova's adherence to the CIS joint protection system "will be a serious mistake, which could complicate the relationship with Ukraine, which refused to participate in this system and which is on unequal position with Russia." But Moldova's entrance in NATO "will inevitably prompt Russia's discontent and suspicion." "It should be born in mind that 70 percent of our exports are bound for the East..., while our gas debts have exceeded the fabulous figure of $240 million, and hardly can one believe that they will be refunded in the near future." In addition, "Russia's discontent will influence the ethnic Russians' disposition and this will make the reintegration of our country impossible," concluded Solonari.

U.S. Support for Economic Liberalization Noted

MM0308135295 Moscow IZVESTIYA in Russian 3 Aug 95 p i

[EKOTASS report from the "News" column of the "Financial IZVESTIYA" section: "Duty-Free Access to American Market for Moldovan Agricultural and Industrial Goods"]

[FBIS Translated Text] More than 4,600 kinds of agricultural and industrial goods from Moldova now have duty-free access to the American market. This decision was made by U.S. President Bill Clinton. The United States supports Moldova's efforts to liberalize its economy. The aim of the general system of preferences is to create incentives to the economic growth of developing countries, to attract investment, and to increase trade.

Dniester Bars Arms Destruction on Environmental Grounds

AU0308124295 Chisinau INFOTAG in English 1913 GMT 2 Aug 95

[FBIS Transcribed Text] Tiraspol INOTAG, 2/8/1995 — The Dniester region administration barred the annihilation of outdated arms and ammunition of the Russian Army in Dniester.

The ban stemmed from the environmental concern, rather than political or economic reasons, said the chairman of Dniester Parliament, Grigoriy Marakutsa.

He said to INFOTAG that nobody took care of environmental feasibility study. We don't know how the blowing up affects soil, how dangerous is the gas blow-out, how hard is vibration on the surrounding constructions. The resumption of the annihilation is impossible without an accurate estimation of its impact, stressed Marakutsa.

The Dniester public prosecutor officially admonished the persons engaged in blowing up the weapons. Unauthorized resumption is fraught with prosecution.

According to Marakutsa, the annihilation layoff has to do with disagreement of approaches to this procedure.

"The military ignore our legislation because the republic itself is not recognized. We are apt to follow Russian laws, but this is a hard undertaking," said the speaker.

Marakutsa assumed no quick resumption of the annihilation. In his interview to Russian TV, General Lieutenant Valeriy Yevnevich, commander of the Russian troops in Dniester, said that "the military guarantee safety during the blow ups." He insisted upon the resumption of annihilation, pointing out that further preservation of the outdated ammunition is more hazardous. Yevnevich charged the Dniester Administration with full responsibility for the suspension of the blow-ups.

Yevnevich: Arms Destruction No Threat

LD0308172195 Moscow INTERFAX in English 1521 GMT 3 Aug 95

[FBIS Transcribed Text] TIRASPOL, Aug 3 (INTERFAX) — Lieutenant-General Valeriy Yevnevich, commander of Russian troops in the Transdniester Republic, said that the destruction of the Russian Army's outdated ammunition did not pose any threat to the environment.

He spoke in Tiraspol Thursday [3 August] at a meeting with members of a radical bloc of patriotic forces who vehemently oppose the destruction of weapons.

When ammunition was blown up over a period of two weeks in early July, about 30 mines were destroyed daily, which did not affect the environment in any way, said Yevnevich. In total, over 4,500 mines and missiles made in 1937-1941 have been destroyed.

Yevnevich said that "the explosive works must be resumed wasting no time because a tragedy may happen" otherwise.

He spoke in favor of Russian troops remaining in the region as guarantors of peace and stability.

Grigoriy Marakutsa, parliament speaker of the self-styled Transdniester Moldovan Republic, told Interfax Wednesday that the Transdniester Prosecutor's Office had officially warned those who resume explosions without the permission of the local authorities that they would be criminally prosecuted.

The explosive works have been banned not for political or economic reasons but for ecological ones, the speaker said.

Tiraspol Leaders Reiterate Dniester 'Statehood'

*AU0308171095 Chisinau BASAPRESS in English
2119 GMT 2 Aug 95*

[FBIS Transcribed Text] Tiraspol BASAPRESS. 2/8/1995 — The fact that the Russian peacekeeping forces arrived three years ago to the Dniester region proves once more that the military clash was an open aggression on the behalf of Moldova, Igor Smirnov, Dniester leader, said at a meeting held yesterday in Tiraspol on the occasion of the 3rd anniversary since the military conflict has been exhausted. "The last agreements concluded with Moldova" and "the increase of our defense potential" guarantee the non-repetition of the military conflict, Smirnov said. "The most important thing now is the consolidation of the Moldovan Dniester Republic in every aspect. We are to decide our fate on our own. One way or the other Moldova will have to recognize our statehood," said the Dniester leader.

Professor Vasiliy Yakovlev, leader of the political parties for defending the Moldovan Dniester Republic, said in an interview that "the integration of the Moldovan monetary system with the Dniester one is an attempt against Dniester's sovereignty." He expressed hope that the decision regarding the Moldovan leu circulation by transfer will be canceled by the Tiraspol Supreme Soviet. "If not, we will have to call upon the Dniester people to defend the republic," said Yakovlev.

Kazakhstan

Overdue Foreign Debt Threatens Country's Reputation

MK0408083095 Moscow SEGODNYA in Russian 3 Aug 95 p 8

[Unattributed FINANCIAL INFORMATION AGENCY (AFI) report: "Kazakhstan's Debt Has Exceeded $32 Million"]

[FBIS Translated Text] Kazakhstan's outstanding debt on foreign credits as of 1 June 1995 was $32.8 million, a representative of Kazakhstan's Eksimbank, which is the republic government's authorized bank for servicing foreign loans, told AFI Wednesday [2 August]. According to him, of the $32.8 million, $20.5 million are outstanding state budget obligations and $12.3 million are debts of enterprises that received credits for specific projects. The Eksimbank representative noted that — apart from inflation, the rupture of economic links within the framework of the former USSR, and the continuing growth of energy prices — the main reason for the overdue debt is the absence of a mechanism for the preliminary appraisal of the financial situation of borrowing enterprises before a contract is concluded, and a mechanism for the transfer of debt obligations in the event of their reorganization. The Eksimbank representative stressed that the untimely repayment of foreign credits will have a negative impact on Kazakhstan's reputation as a reliable borrower.

Drafting of 'Nazarbayev's Constitution' Eyed

MM0308175195 Moscow IZVESTIYA in Russian 3 Aug 95 p 2

[Report by Vladimir Ardayev: "The People of Kazakhstan Have Been Presented With 'Nazarbayev's' Constitution"]

[FBIS Translated Text] Almaty — The final version of the draft of the new Kazakhstani Constitution has been published in the republic press. A nationwide referendum is scheduled for 30 August, when the Kazakhstanis will have to adopt or reject their state's latest basic law.

The current Constitution has existed for less than three years. President N. Nazarbayev extended his powers by five years with the help with a referendum conducted at the end of April, and two months later the citizens of Kazakhstan were offered the draft of the new Constitution for discussion.

This document essentially testifies to the change in the state's constitutional structure — Kazakhstan is turning from a parliamentary republic to a republic with a presidential form of rule. In the initial version the state's name was changed — henceforth it was to be called the "Kazakh Republic." A whole series of constitutional provisions testifies to the considerable strengthening of presidential power, and the parliament's capabilities are perceptibly restricted as compared with the present Constitution.

The discussion of the initial version of the draft was not only lively but generated a number of alternative constitutional drafts proposed by political parties, public movements, and civil rights organizations. Many ideas were used in the final version. What was in practical terms essentially a new draft emerged in which, incidentally, the state was given back its now customary name "The Republic of Kazakhstan." Nursultan Nazarbayev attributes this circumstance not so much to the dissatisfaction of the "nontitular" population (although this did occur) as to simple expediency: Renaming the state, along with changing the citizens' expensive new documents — the identity cards and passports whose issue is in full swing — would cost a lot of money.

The Constitutional Court has "exited" the draft — a Constitutional Council is being introduced instead. Incidentally, there was a scandal connected specifically with the Constitutional Court, which was caused by six of its 11 members, who, during the discussion of the draft, wrote an open letter to the press announcing their disagreement with the state restructuring of Kazakhstan and the strengthening of the president's power. After that, the remaining five court members stated that it was impossible for them to continue working with their colleagues, who, in their opinion, had violated the basic principle of the independence of judges — the principle of nonintervention in politics. As a result, the Constitutional Court split asunder and lost its competence.

Nazarbayev categorically waves away any suspicions that this scandal, which testified to the fact that the judicial organ in question was out of control, was the reason for the abolition of the Constitutional Court as an institution. And, by way of an example, he cites a number of appointments which the former court members who displayed disloyalty to the presidential policy have received: One has been appointed a minister, another an aide of the president himself.

The chapter in the draft devoted to the president's constitutional status has undergone the greatest transformation. In particular, the articles connected with the possibility of the president's removal from office have been given a more detailed interpretation, although, as in the previous version, only two reasons for impeachment remain: the indisposition of the president and...treason committed by him. The mechanism for enacting them is described in some detail, but it remains unclear how the head of state can commit treason against himself. And the 54-year-old Nursultan Nazarbayev does not complain too much about his health.

Legislative power in Kazakhstan will be concentrated in the parliament - a compact, professional, bicameral parliament. The lower chamber (manzhelis) will be elected by direct ballot, and the upper chamber (senate) will be partly elected at assemblies of oblast councils [oblastnyye maslikhaty], and partly appointed by the president.

As for fundamental questions such as the introduction of private ownership of land and "equalizing in terms of rights" the Kazakh and Russian languages — on which issues Nazarbayev in fact disagreed with the last Supreme Council — these have been settled in the draft of the new Constitution, but very indecisively. Thus, the final version stipulates that land can be privately owned, but the minerals and natural resources are the exclusive property of the state. Kazakh remains the only state language in the republic, but Russian acquires the status of an official language, that is, it can be used on a par with Kazakh in state organizations and organs of local self-government.

Many politicians party to the elaboration of this draft do not hide the fact that it is "Nazarbayev's" Constitution that is being created. As a rule, the basic law of the French Republic, the "Charles de Gaulle" Constitution which he composed in his time, is cited as an example. In actual fact, the Constitution gives Nursultan Nazarbayev a great deal of space for reforms and for any anticrisis actions. But how another president, after replacing the incumbent, might exercise his great rights — as a rule, they prefer not to answer that question.

Economic Uptick in Favor of Constitution

954F2943A Almaty STOLICHNOYE OBOZRENIYE in Russian 27 Jul 95 No 30, p 4

[Article by Mikhail Ustyugov: "Discussion of the Draft Constitution: Preliminary Results"]

[FBIS Translated Text] Just a matter of days remain until the end of the month, when the public discussion of the draft constitution comes to an end and the experts embark on revision of the text with regard to the criticisms and suggestions that have been expressed. The hot July in Almaty was kept on the "boil" even more, it would seem, by the polemical clashes surrounding the basic law. Very impartial criticism of the draft has been heard frequently both in the press and on television, and this in itself is evidence that we are living in a comparatively free society and are far from the former public "we approve" and the like-mindedness imposed from above. In addition, the "top" has, according to available information, taken also an entirely benevolent view of the criticism that has been heard: otherwise from outside our discussion would have appeared a formality. It is important merely that the criticism be proper and constructive, and the support, well-considered and sincere.

The President Is in a Hurry, the Specialists Are Arguing, and the Future Candidates Are Preparing for the Elections

The majority of citizens have in the course of the discussion noted the extremely compressed timeframe allotted public appraisal of the basic law. The text of the draft is quite complicated, and time is needed to comprehend it and ponder its proposals. Publication also takes, at a minimum, several days. Fitting it all in inside a month is difficult, and, consequently, many opinions will remain "overboard."

The procedure of the adoption of the present Constitution of Kazakhstan, incidentally, was far more thorough: The draft was carefully discussed and given its first reading in June 1992 and it was published on 11 June, after which it was publicly discussed for almost six months—until December.

On the other hand, we can understand the possible consequences of such a prolongation of the timeframe. The president extends the discussion until the end of the year, let's assume. In this case the Constitutional Commission could prepare the final text of the draft no sooner than February. The referendum is held at the end of February, let's say. The people support it. Now, on the basis of the new constitution, the president has to schedule elections to the bicameral parliament. This is an entirely new procedure for us, preparations for which will take time also. The nomination of candidates for deputy and the mounting of the campaign will take time as well.

Generally, with this scenario, parliament will begin work no earlier than July of next year. Yet censure is being heard from the West even today that Kazakhstan has no legislative body and that parliament's powers are, in fact, being exercised by the executive. These concerns cannot be brushed aside: First, they are entirely justified, any republic has to have a legislature; second, many changes in our economic system depend today on the position of the West.

The head of state is for this reason in a hurry. The referendum in August, and the parliamentary elections, according to preliminary information, will take place in the latter half of December. In January and at the start of February our Senate and Mazhilis should be assembling for their first sitting. The "political clock" would thus be beaten.

Another most widespread topic for criticism are the president's unduly wide-ranging powers which are accorded him in the draft with the absence of adequate control and restraint mechanisms. Two main approaches have emerged here. Some people maintain that the powers should be left untouched, but that there should be a strengthening of the responsibility, the head of state being stripped of his "immunity" and the impeachment procedure having been facilitated. Others believe that, on the contrary, the "checks" may be left as they are, but some of the powers specified in the draft as exclusively presidential (decisions on personnel matters) should be more evenly redistributed between the head of state and parliament.

The reasoning of the supporters of the draft constitution is based not least on the fact that the "president" indicated in it is not an "abstract" official but a perfectly specific personality—Nursultan Nazarbayev. The statement of Deputy Premier N. Shaykenov to the effect that "the main drafter of the basic law is Nursultan Nazarbayev himself, and this will be Nazarbayev's constitution," has "worked" effectively for the draft.

A firm public opinion has emerged: The basic law is being adopted not for 100 years ahead but primarily for the present president, who undertakes, having taken possession of all levers of power, to lead our state past the political reefs and social maelstroms—straight to a civilized market economy.

An old friend of mine, a former journalist, now a businessman, observed in this connection: "It would be good to add everywhere in the constitution to the word 'president' 'N. Nazarbayev'. Because no one knows who will come to replace him in the year 2001 and how use will be made of the enormous authority which is accorded the head of state in the basic law."

It is not the first year that we have known Nursultan Nazarbayev, and the majority of Kazakhstanis are today prepared, most likely, to entrust to him the broadest powers without any particular misgivings: First, he already has them and he has shown that he does not intend, availing himself of them, to "twist arms," going to extremes. Second, Nazarbayev possesses a political quality that is quite rare in the CIS—predictability. He has never made any secret, for example, of the fact that he intends "to bring order to bear" and strengthen the presidency, which should stand in the way of political demagogues and mafia structures. Back this March, after the illegitimacy of the Supreme Council had been revealed, N. Nazarbayev declared: "People are demanding that order be brought to bear immediately and demanding a ruthless struggle against the growing evil. We need for this democratically formed, but strong, authorities, the basis of which are integrity and unity.... The president, as the head of state, embodying the unity of power should provide for the concerted interaction of all state authorities."

Why Some Proletarians Are Solidly Behind Civilized Capitalism

Were, thanks to the economic reforms, the majority of inhabitants of the republic living better and better, the powers of parliament in the text of the draft would, possibly, be more significant. But the lives of the majority are as yet becoming increasingly worse. And our long-suffering electorate elects to the legislature, as we know, not the best but, rather, people like themselves. It should not be expected today, therefore, that the nucleus of the corps of deputies will be composed of reformers.

But we have to have a parliament, the world community would not understand otherwise. As a result the president's team decided to act immediately in two directions: to "decentralize" and "disperse" the members of parliament as much as possible, breaking them down into two chambers, giving them different terms, and formulating different mechanisms of elections to each chamber, and simultaneously to minimize the amplitude of the legislators' independent political movements.

It is hardly likely that the majority of inhabitants of our republic can grasp these political subtleties. The working people will, in the main, apprehend the text of the draft outside of the international experience of constitutional development: It is not that important to people to what extent local constitutional provisions correspond to their German or French counterparts. But everyone has an opportunity to observe on television what is happening in Tajikistan, Armenia, Georgia, and even in comparatively successful and wealthy Ukraine. To observe and compare. Whence primarily the April credit of trust in N. Nazarbayev, which will, most likely, be demonstrated at the referendum in August also.

It is significant that the leadership of the republic is taking no populist steps which could enhance its approval rating in the eyes of the public at the price of a rocking of the "economic boat." What would it cost the president to order a rise in pensions and scholarships, for example? But, no: The rules of the game do not today permit a recourse to cheap methods or the issue of "hollow" money, which would, at best, create in the citizens a short-term impression of a rise in the living standard.

Meanwhile, it is being shown in practice in certain regions today that policy is the concentrated expression of the economy. Is it not surprising that the thousands-strong outfits of Kazakhstan's biggest foundries—the Pavlodar Aluminum Plant, the Yermakov Ferroalloys Plant, the Sokolovsko-Sarbay Works—have supported the draft constitution and called on all citizens to vote for it? After all, last year even these enterprises were literally at death's door, and their employees were waiting up to six months at a time for their pay and were prepared to strike, stage public meetings, mount pickets....

What has happened? Our newspaper has written repeatedly about the amazing metamorphoses at the enterprises following their transfer to the control of foreign firms. Here are some fresh statistical data for the Yermakovka: Productivity in two months has increased 6 percent, production, 13.8 percent. The workers' pay ranges from 12,000 to 30,000 tenge. There are stories about the new procedures at the enterprise: The managers immediately closed off the grounds with an imposing fence, bringing an end to the total pilfering of "no man's" property, beefed up the security personnel, cleared the premises of the piles of scrap metal and waste....

At the Pavlodar Aluminum the "length of service" of managers from the British firm White Swan Ltd is more substantial: The plant has been in their hands for six months now. And the picture here is the same: a long line at the Personnel Department of those seeking employment here, order, discipline, and high pay, which is disbursed to the day. One significant fact: For a pass to the recreation center, which costs 14,000 tenge, a worker of the Pavlodar Aluminum Plant pays only 92 tenge. There are appreciable benefits also in the charge for meals and the care of children in the preschools.

Generally, workers in Pavlodar, Aksu, and Rudnyy are today truly looking to the future with optimism. It is possible to work in shock fashion, apparently, even without the guiding and organizing force of the Communist Party, and to earn good money without orders "on the side."

It is natural that these people, who only recently were a realistic social base for the opposition, of a communist persuasion included, are today solidly behind the reforms, Nazarbayev, and civilized capitalism, in which, apparently, life is far better than in "developed socialism" even. The largely similar appeals of these outfits are constructed according to one and the same artless format: In the former republics of the Soviet Union there is, if you'll excuse us, a complete screw-up, but in places here things are already clearly getting organized—Nazarbayev and the government team, consequently, need to be given every opportunity to continue in this direction.

I believe that these appeals, which have been published in the press, have become an important argument in support of the draft constitution. The foreign managers have weighed the situation well: The rare economic successes for Kazakhstan that have been achieved in the few months of their management should now work for the political image of the Kazakhstani leadership and for a continuation of the reforms.

Between the 'Tactics of Transition' and Democratic Strategy

How serious a reworking will the draft basic law undergo before we are to vote on it at the referendum? There are arguments at this time about this also. Some say that the draft will be radically reworked, others, that only an imperceptible cosmetic emendation awaits it....

There should be no question even of a cardinal reworking of the draft. It was not drafted and published for it to be "rolled" by public opinion within a month. But a cosmetic emendation is unlikely also: Truly, the draft basic law contains much controversial and deficient wording. The authors of the draft and the president will have yet again to find an acceptable "middle" version: to clarify a number of provisions while leaving alone that which is most important.

The present draft is frequently called the result of a compromise, it not being specified here with whom its authors are concluding the compromise and what they have been forced to concede and to whom. It would, most likely, be most reasonable to speak of a compromise between strategy and tactics, the demands of long-term policy, which should be based on international standards and values common to all mankind, and the demands of the moment, and the experience of democratic countries and our specifics.

Nursultan Nazarbayev spoke quite candidly about this at a recent news conference: "There is a great desire to take account of our Asiatic, oriental mentality, if you like, and the life of Kazakhstanis and their past and traditions. But all this must be linked with our movement toward a democratic state based on the rule of law."

Neutrality, Defense Conversion Prospects

954F2944A Almaty STOLICHNOYE OBOZRENIYE in Russian 27 Jul 95 No 30, p 6

[Article by Gaukhar Kuldzhanova: "How the VPK Looks in the Mirror of Kazakhstan's Future Neutrality"]

[FBIS Translated Text] The draft of the new Republic of Kazakhstan Constitution solemnly proclaims our state's aim of neutrality. This article in the basic law is unlikely to provoke objections from anyone. Kazakhstan today does not have obvious enemies threatening its sovereignty, and this is a huge plus of its current geopolitical situation. Having affixed our signature to the Partnership for Peace program, we have found partners and, hopefully, reliable allies. And if this is so, the whole military-industrial complex concept requires cardinal revision.

The Tale of How Conversion ("Little Red Riding Hood") Wins Over the VPK ("Big Bad Wolf"), But It Is a Long Way to a Happy Ending

The crisis state of society has manifested itself in such a traditionally strong sector of our economy as the military-industrial complex (VPK). In the past a mighty Soviet-empire monster, which employed 60 percent of the work force and the "cream" of our engineering profession, scientists, and workers, with its huge potential and material resources, the VPK crumbled under "Gorbachev's" and subsequent reforms, lost its old "muscle," and lost some of its influence in the top echelons of power.

Conversion, which began in 1989 under the banner of demilitarization, did not bring about the desired results. Defense orders dropped to zero, while budget subsidies are cut with each passing year; in addition, the cost of fuel, materials, and so on are going up sharply; there is not enough working capital for production development—there is not even enough to pay wages. Civilian output finds no consumers. In these conditions, hundreds of defense enterprises of the post-Soviet space cannot survive.

Kazakhstan's defense sector is no exception. If we take 1990 as a benchmark, production in the sector declined: in 1991—by 30 percent, in 1992—by 40-50 percent, and in 1993—by 80-100 percent. Last year and in the first half of this year the trend persisted. Overall, the share of defense sector output in the republic's total output currently comprises less than 3 percent, as compared to 5 percent at the beginning of conversion. The situation is exacerbated by the fact that many VPK enterprises are "company towns," and as a result of their idling or production cutbacks, residents of small cities are left without work.

All this, and many other factors, leads many defense enterprise managers to a hardly consoling conclusion: Conversion in a way fell out of the sphere of government's energetic actions, and the meager VPK financing and failure to satisfy its most acute needs confirms this. Obviously, commonly accepted perceptions of the VPK directors lobby as very powerful and influential do not correspond to reality.

A logical question comes up: Perhaps we should not have razed the national defense to the ground? The arguments put forward by supporters of this position are sufficiently convincing.

Our competitiveness on the world market and future technical progress are contingent upon the VPK. If, for instance, a defense plant begins to produce consumer appliances, we will lose even those few elements of high technology we have, and we will lose our professionals. On top of this, we will completely destroy the applied science so needed to support the technological level of the entire VPK (in the current conditions science has almost no utility for manufacturing serving the needs of our undemanding market). As a result, Kazakhstan will cease being an industrial country and will become a technological appendage of developed countries.

So what is the state doing to save former VPK enterprises from bankruptcy? In search of an answer, we went to the Main Administration for Industrial Policy of the Ministry of Economics.

A Look From the Government Window

As the deputy chief of this administration, Ye.Kh. Kaybalin, told us, the defense sector currently includes machine-building and electronics plants under the umbrella of the NAK [national joint-stock company] Korgau; uranium production and processing enterprises—NAK KATEP, the KNPK [expansion unidentified] Biomedpreparat (Stepnogorsk), and the PO [production association] Khimprom (Pavlodar); enterprises of the National Electronics and Communications Center; and geological surveys engaged in prospecting of uranium deposits.

Their production capacities and technical equipment permit the manufacturing of the most complex civilian goods. However, until the middle of 1994, conversion at most enterprises was handled in a spontaneous manner, without any serious information and marketing support. Enterprises determined on their own the promising nomenclature of civilian products, which eventually resulted in a distribution crisis.

On the basis of the law "On Defense Industry Conversion," adopted at the end of 1993, republic and regional conversion programs for the period 1994-2000 were drafted. They envisage the volume of production of civilian products over six years increasing from 2.9 billion tenge in 1995 to 6.4 billion in the year 2000.

As to financing of these programs, the initial requirement of 2.6 billion tenge and $1.075 billion, calculated for all basic needs, has been reduced to approximately 480 million tenge and $81.1 million due to foreign investment.

There was also a promise to allocate preferential credits from the Economic Transformation Fund and to annually make available funds from the republic budget for paying off enterprises' debts and development of new types of products. But budget line items so far clearly cannot carry the burden—and so far the defense sector has not been getting the promised amounts.

In order to somehow ease the sad financial state of most enterprises, the Ministry of Economics jointly with other agencies prepared a list of social and cultural facilities, as well as housing, subject to transfer to the books of local administrations. Maintenance of this sphere has become a severe burden for industrial enterprises, because this increases the final product cost and deprives them of the ability to be competitive on the foreign and domestic market. The 1995 budget envisages approximately 870 million tenge for these purposes. Considerable funds also were to be directed into retraining of underutilized defense sector labor force.

As the Song Goes: "Atom, Atom, and Uranium" in Kazakhstan?

One can judge real conversion by the situation that has developed at the NAK KATEP (Kazatomenergo)—one of the two largest VPK companies.

It has under its umbrella production enterprises, a mining administration, construction and erection administrations, and a nuclear power station. The main line of activities is production and processing of uranium and rare metals: strontium, lithium, and others, as well as mineral fertilizer production.

To the question of how the state helps the nuclear industry in this difficult time for it, the company's first vice president V. Shimanskiy replied with a bitter smile: "Our own state has robbed us three times. The first time when it 'freed' prices, and electricity and transportation rates began to rise practically every month. The second time by crushing it with exorbitant taxes, which makes enterprises chronically short of working capital. And now the latest blow: dropping the exchange rate of the dollar in relation to the tenge. For exporters, including our company, this is a very painful blow."

Despite the difficulties, this year KATEP did manage to halt further production decline. While in 1994 it dropped by more than 30 percent, over six months of 1995 it declined only by 17 percent. This was achieved mainly through Kazakhstan's entry into the world uranium market. A successful entry, we should emphasize. As is known, the pace in uranium trade is set by the five or six largest companies from France, Germany, Great Britain, and Canada (the so- called Nuclear Club), which do not like competition at all. But to our country they showed benevolence. Thanks to the agreement with the United States, reached in the course of intergovernment visits in 1992, Kazakhstan received an annual quota for selling uranium on the American market. This market is considered the most lucrative in the world: A pound of uranium (slightly less than 0.5 kg) here goes for $11.8. For comparison, in Europe it sells for only $7.8. Let us point out that Russia, also the largest supplier of uranium, does not have such a quota.

KATEP also is very interested in joint enterprises [SP]. This is a capital-intensive industry: Serious investment is needed to build a mine with all the modern infrastructure. In an environment where one cannot hope for state subsidies, the search for Western investors becomes nearly the main order of the day. For instance, documents are already in the process of signing for creating an SP at a new uranium deposit in southern Kazakhstan with two companies: the Canadian CAMECO and the German Uran Eru. Investors' interest in our country is understandable: It turns out that our mineral deposits contain 29 percent of the world's reserves of uranium!

Today KATEP sells half its output abroad. Unique technologies for uranium enrichment are effectively used for tin, strontium, and gold smelting. Production of lithium salts and ammonia nitrate has been set up. The silver plant (VKO) is manufacturing washing machines and medical infrared equipment.

Conversion money is in short supply, of course, but it did enable the company to pull the Eastern Mining Administration out of crisis.

Which Is Better: Making Submachine Guns, Grenades, and Rockets Ourselves, or Buying Them From Our Neighbors?

Unlike KAMEP, which deals mainly with a raw material for which there is stable demand on the world market, the NAK Korgau is in a more difficult situation. Cutbacks in military orders for machine-building output literally killed the sector. So-called "special equipment" accounts for slightly more than 20 percent of the total volume of production; the rest is consumer and producer goods. And although, according to Ministry of Economics data, by 1994 and the beginning of 1995 positive trends were registered at Korgau enterprises, some enterprises were forced to shut down. One of them—the Almaty Machine-Building Plant (former Imeni Kirova Plant)—is the pride and glory of our defense sector.

We will describe the situation at this plant in one of the next issues.

Uzbekistan

Karimov Departs on Two-Week Vacation to Turkey

LD0208194695 Moscow INTERFAX in English 1728 GMT 2 Aug 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy; edited by Vladimir Shishlin]

[FBIS Transcribed Text] President Islam Karimov began a two-week holiday on Tuesday [1 August]. The presidential press service has said this is the first time President Karimov takes a vacation. He will spend it on the Mediterranean coast of Turkey, where he was invited by the Turkish Government.

Il-76 Modification Makes Successful Maiden Flight

MM0208135995 Moscow KRASNAYA ZVEZDA in Russian 2 Aug 95 p 1

[Report by Aleksandr Babakin: "New Ilyushin Takes to the Air"]

[FBIS Translated Text] Tashkent — The Il-76MF transport made its maiden flight from Tashkent's Chkalov Aviation Production Company airfield yesterday. The plane was taken aloft by test pilot Anatoliy Knyshov's crew. All the plane's units and systems worked faultlessly in the air.

The new Ilyushin is the direct result of mutually beneficial and fruitful cooperation between designers from the Ilyushin aviation complex and the Tashkent aircraft makers.

Armenia

Joint Guarantor Responsibility Assumed in Karabakh

*NC0308185595 Yerevan SNARK in English
1633 GMT 3 Aug 95*

[FBIS Transcribed Text] Yerevan, August 3 (SNARK) — Vardan Oskanyan, Armenian Deputy Minister of Foreign Affairs headed an Armenian delegation at a meeting in Baden on July 24-28. He told SNARK that during the meeting special attention was paid to the issue of NKR's [Nagorno-Karabakh Republic] security.

As a new element of NKR's security, the meeting participants discussed the idea of allowing Armenia to participate more widely in the settlement of this issue. However, Armenia may bear this responsibility only as an additional guarantor of NKR's security. This element of security must in no way weaken the others, i.e. Armenia will provide additional guarantees, not replace others. Oskanian noted that this idea will shortly be discussed by the leaders of Armenia.

The next round of negotiations on the Karabakh conflict settlement will be held on September 4, 1995, in Moscow.

ARFD Member Arrested on Terrorism Charges

NC0308181995 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0837 GMT 3 Aug 95

[FBIS Transcribed Text] Yerevan ("LRAGIR" daily - PAST), 08/03/95 — An inhabitant of the village of Vedi in the Ararat district of Armenia Mr. Haykaz Abrahamyan, member of ARF [Armenia Revolutionary Federation] Dashnaktsutyun party from 1990, was arrested in the morning of 29 July.

Mr. Abrahamyan participated in the battles for liberation of Karabakh starting from 1988, and, until recently, was a battalion commander. No official indictment has been presented to him so far, but his relatives were orally informed he is related with the terrorist group, members of which were arrested in the night of 29 July.

As a response to this, a committee for protection of arrested freedom-fighters has been created in Ararat, which plans its first action on 3 August.

Democratic Liberal Party Dissension Over Leadership

NC0308181395 Yerevan ARAGIL ELECTRONIC NEWS BULLETIN in English 0837 GMT 3 Aug 95

[FBIS Transcribed Text] Yerevan ("RESPUBLICA ARMENIA" daily), 08/03/95 — Three members of the Ramkavar Azatakan [Democratic Liberal] party board of Armenia Levon Babayan, Rafik Petrosyan, and Mels (Samuel) Sahakyan have made a declaration demanding to replace the leader of the party Ruben Mirzakhanyan.

The declaration says that, as a result of Mirzakhanyan's activity, ideology of the party was distorted and it was confronted with powers and with almost all parties in Armenia. As a result, it faced a major defeat during the elections to the National Council of ROA [Republic of Armenia].

Authors believe that it is only possible to save the situation by electing a new leader, and they will stop to act as members of the bureau of the party for the period its led by Ruben Mirzakhanyan.

Azerbaijan

OSCE's Kazimirov Comments on Baden Meeting Results

*NC0308180495 Baku TURAN in English
0838 GMT 3 Aug 95*

[FBIS Transcribed Text] Baku /03.08.95/ TURAN — "The positions of the parties are still far from each other. That is why they failed to achieve mutual understanding even on separate elements of the key problems, which could have been introduced in the Major Political Agreement on the Armenian-Azerbaijani conflict settlement", the representative of the Russian co-chairman of the OSCE Minsk Conference, Vladimir Kazimirov, commented on the results of the meeting of the OSCE Minsk Group completed July 28 in Baden.

He said discussion in Baden were conducted in two directions: acceleration and coordination of working out of the major political agreement with account of exchange of opinions on key settlement problems and providing of assistance in implementation of the humanitarian measures — release of prisoners and hostages, search for persons missed during the conflict.

Kazimirov mentioned two statements were adopted on the problems discussed: one of political character and another on humanitarian problems. "In particular, the issue concerning the necessity of absolute liberation of all prisoners, hostages and civilians detained during the conflict has been raised", he added.

The Russian mediator also said Baden's consultations were conducted in different forms. "Basically, the meetings were conducted with participation of the representatives of sides and several meetings were of the character of individual consultations", Kazimirov pointed out. He said such form of exchange of opinions promotes more sensitive response on possible changes in the positions of the sides.

Kazimirov believes the results of Baden's consultations are "useful for resumption of another round of the Armenian-Azerbaijan talks in Moscow, which are to be started in several weeks".

Border Commander Denies Report on Arms to Chechnya

NC0308171195 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1600 GMT 3 Aug 95

[FBIS Translated Text] The Russian television reported today that arms are being dispatched from Azerbaijan to the southern regions of Chechnya. Allegedly these arms are being transported via the territory of Dagestan.

Abbas Ali Novruzov, commander-in-chief of the border troops of the Azerbaijan National Security Ministry, resolutely refuted this report, describing it as yet another calumny. He said that the Dagestan-Azerbaijan border is under the strict control of the two sides and there cannot be any violations of the law there. The Russian television report is seen as yet another ploy by those who want to prevent the reopening of the Russian-Azerbaijani border.

National Assembly Chief Threatens Armenia

LD0308131795 Tehran IRNA in English 1223 GMT 3 Aug 95

[FBIS Transcribed Text] Astara, Gilan Prov., August 3, IRNA — Chairman of the Azeri Milli Majlis (National Assembly) Rasul Kuliyev on Wednesday [2 August] threatened Armenia that if it continues to disrupt the peace talks, Baku will take back its occupied lands through military means.

In a televised interview, Kuliyev further told Baku TV that the critical living condition of one million Azeri refugees is no longer tolerable for the Azeri Government and thus it cannot remain indifferent towards the issue.

Putting an end to the war through peaceful means is Azerbaijan's prime objective. But if this is not achieved in the near future, Azeris will resort to force, he added.

The latest round of peace talks between Azeris and Armenians in Austria ended in failure.

New Caspian-Black Sea Transport Line To Be Set Up

MK0308105895 Moscow SEGODNYA in Russian 2 Aug 95 p 9

[Report by Arif Useynov from Baku: "New Line Will Link Black Sea and Caspian Ports"]

[FBIS Translated Text] Partners in the CIS — Ukraine, Azerbaijan, and Georgia — have made a long-expected step for the protection of their national economies and the expansion of mutually advantageous trade relations: They have agreed to set up a transport holding company that will deal with the creation of a communications network meant to link the Black Sea and the Caspian. This was announced by Geydar Aliyev, head of state of Azerbaijan, at a press conference at the end of last week, concluding the two-day visit of Ukrainian President Leonid Kuchma to Baku.

The president gave a detailed account of his efforts to restore the transport route in the northern part of the country; he also mentioned negotiations with the top political leaders of Russia. The North Caucasian Railway had ceased to function long before military operations in Chechnya started, since cargo trains were robbed by gunmen on the way. Enormous material damage was inflicted on the Azerbaijani economy; economic and production ties with other CIS and West European countries were broken. For the same reason, over the past several years trade and economic cooperation between Ukraine and Azerbaijan virtually ceased to exist.

Experts are presently working on the concept of the transport holding company. The route will be from Baku (Caspian) to the Black Sea ports of Georgia and Ukraine. Conditions are to be created for unimpeded transportation — by sea or overland — of company partners' goods over the territories of not only the participating countries, but also West European and Central Asian states.

The idea of creating a new major communication line along this route was supported by Turkish Prime Minister Tansu Ciller during her recent visit to Baku: She is expecting that her country, as well as other Black Sea and Caspian states, will participate in the implementation of this project. In the general opinion of observers, the new transport route will in fact become a substitute to the North Caucasian Railway, which is blocked because of the war in Chechnya.

Justice Ministry Refuses To Register Popular Front

LD0308113195 Moscow INTERFAX in English 0922 GMT 3 Aug 95

[FBIS Transcribed Text] BAKU, Aug 3 (INTERFAX) — On Wednesday [2 August] Azerbaijan's Justice Ministry refused to register the Popular Front of Azerbaijan party led by the republic's ex-president Abulfaz Elchibey.

Speaking about the main reasons for the refusal, in an interview with Interfax, a Justice Ministry representative pointed to technical problems with the registration documents.

Meanwhile, PFA Deputy Chairman Gulamguseyn Aliyev reported to INTERFAX that at the sitting of the Justice Ministry's board, which considered the issue on the party's registration on August 2, the republic's acting Justice Minister Sudaba Gasanova declared the impossibility of registering the PFA until Elchibey is again at its helm.

The public-political movement the Popular Front of Azerbaijan, formed in 1989, was transformed into a party early this summer because the republic's legislation bans such movements from participating in the parliamentary elections scheduled for November 12.

The PFA was in power from June 1992 till June 1993, when President Elchibey was forced to flee Baku to the Nakhichevan autonomous republic, where he is now, under the pressure of some of the military headed by Colonel Suret Guseynov.

Georgia

Official Views Ethnic Georgians in Azerbaijan

LD0308191295 Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 3 Aug 95

[FBIS Translated Text] Sandro Kavsadze, the chairman of the Committee for Human Rights and Interethnic Relations, held a news conference today. Mr. Kavsadze said that a committee delegation visited Kakhi District of Azerbaijan and met ethnic Georgian residents of the district and looked into their problems.

Mr. Kavsadze said that during the visit, the delegation was received by Azerbaijani President Geydar Aliyev. Meetings with the Azerbaijani president and the leadership of law enforcement bodies, displayed a similarity of approach to the issue of protecting human rights. According to Mr. Kavsadze, the sides emphasized that it is unacceptable to distinguish the population according to an ethnic origin. It is essential to strictly abide by international law in order to protect human rights more efficiently, Mr. Kavsadze said.

Speaking about the constitutional process under way in Georgia, Mr. Kavsadze said that the adoption of the Constitution is a primary condition for strengthening the country's sovereignty and for restoring Georgian jurisdiction over its whole territory. The Constitution should be a guarantor of protecting human rights and interests of an individual.

Mr. Kavsadze said that his activities were not related to the interests of any party. Human rights and freedoms are of supreme significance for me, and I regard as my duty to launch, together with like-minded people, a public movement — Constitutional Georgia, he said. He added that the movement is aimed at the adoption of a democratic Constitution based on the protection of human rights and dignity, the strength of the state's sovereignty, and the restoration of the state's jurisdiction over its whole territory.

Mr. Kavsadze spoke about the activities of the committee with regard to protecting rights of inmates at places of detention. He named concrete facts when an intervention by the committee resulted in instituting criminal proceedings for the violation of the rights of inmates. We will continue the active struggle for strengthening lawfulness, and we will submit our stance and recommendations on resolving the problems to the parliament.

As for a death sentence passed with respect to Petre Gelbakhiani and Irakli Dokvadze, the committee supports the idea of pardoning them, Mr. Kavsadze said.

Shevardnadze May Omit Territory Division

LD0308163695 Tbilisi Radio Tbilisi Network in Georgian 1400 GMT 3 Aug 95

[FBIS Translated Text] The deadline for completing discussions on the draft constitution has again been changed. In accordance with a decision taken by the Georgian Parliament at today's sitting of its extraordinary session, it was put off until 10 August. The deadline for considering the election law has been changed accordingly [17 August].

The decision to defer the deadline has been taken first because of the fact that the time stipulated by the previous resolution has appeared to be insufficient to complete the discussion and second, owing to the fact that in circumstances when a possibility to reach an agreement by opposing political forces has become evident, the conciliatory commission — in which all factions concerned as well as independent deputies are involved — seems to be the most efficient body to promote an agreement like this. This has repeatedly been proved by recent parliamentary activities.

All this was emphasized at today's sitting. Also emphasized was the necessity of the participation of all factions and political groups in the work of the commission because this would facilitate the drawing up and adoption of a generally acceptable option. Moreover, the discussion concerns an extremely complicated part of the Constitution, which defines rights of the parliament, the president, and the government, as well as principles of their activities and mutual relationship.

These are the issues over which there are, to put it mildly, serious differences among various political forces. However, as it has already been said, in circumstances when problems are approached realistically and given that goodwill exists, these differences are not insurmountable.

Apart from the parliamentary majority, goodwill like this has been demonstrated by the factions of National Democrats and Traditionalists. In general, the Republican faction has also played a significant role in the results achieved so far.

To continue cooperation among all sections of the parliament is a fundamental necessity and no one in the parliament is questioning this. The recent sittings have shown that the parliament has fully apprehended another fundamental truth — in any circumstances, it is hardly possible to adopt a flawless Constitution. The main thing is for the parliament to adopt the country's fundamental law without taking it to a referendum and not to strip a future parliament of a possibility to further improve and perfect the Constitution.

The importance of the Constitution with regard to settling internal as well as foreign political issues has also been emphasized.

Concluding today's sitting, Georgian head of state Eduard Shevardnadze said that one of the most difficult clauses of the Constitution dealing with the territorial division of the country might not be included in the present Constitution and might be left for the future parliament to consider. However, it is important that general provisions of the Constitution stipulate what the territory of the Georgian state is. It is not difficult to figure out what effect on the constitutional process this sort of settling the issue will have. For the time being, parliament will transfer its activities to the conciliatory commission, which according to Shevardnadze, will yield an effect and the parliament will be able to adopt the Constitution.

Latvia

OSCE To Control Operation of Key Radar Station

WS0308142895 Tallinn BNS in English 1316 GMT 3 Aug 95

[FBIS Transcribed Text] Riga, Aug 3, BNS — An inspection from the Organization for Security and Cooperation in Europe (OSCE) will arrive in Latvia at the end of August to control operation of the Skrunda radar station.

Latvian Foreign Ministry's press center told BNS that it will be the first such inspection, and its activities in Skrunda are provided by the Latvian-Russian package of agreements on army withdrawal, signed in April of 1994.

Experts will have rights to work in the functioning Skrunda radar facility for 72 hours. The inspection regime is determined by the joint committee, comprising representatives of Latvia, Russia and OSCE.

The delegation, which will be headed by an U.S. expert, will include specialists also from Great Britain and Poland.

The next inspection is scheduled to work in the radar facility on Dec. 5-15.

According to the Latvian-Russian agreement, the Skrunda radar station will operate till Aug. 31, 1998 and its dismantling must be finished until Feb. 29, 2000. Russia is paying 5 million U.S. dollars a year for temporal using [as received] of the land on which the station is located. The number of persons who ensure operation of the radar facility cannot exceed 559 military specialists and 199 civil servants.

The Skrunda radar station is controlling cosmic space over Europe, North Africa and Greenland and is able to trace a possible attack of ballistic missiles if it occurred in a result of an accident or other unforeseen circumstances. The station can also trace other objects, flying at a high altitude, e.g. satellites.

The Skrunda radar station is one of the seven radar facilities which have been located along the former Soviet Union's perimeter and are controlling the whole air space around it. A similar anti-missile defense system has been set up also by the United States.

The new unfinished Skrunda radar station's building was blown up on May 4, 1995, and, if construction of it was finished, the new station would have had the same functions as the old one but performed by more modern equipment.

Russian Communists Demand Release of Former Chief

LD0308151995 Riga Radio Riga Network in Latvian 1200 GMT 3 Aug 95

[FBIS Translated Text] A statement from the Union of Communist Parties-CPSU was submitted to the Latvian Embassy in Russia today. The statement protests the sentence handed down by the Latvian Supreme Court to Alfreds Rubiks.

It is known that on 27 July the court found Alfreds Rubiks, former first secretary of the Latvian Communist Party, guilty of attempting to overthrow the legitimate authority by force and sentenced him to eight years' imprisonment. Rubiks has already served almost four years of this term because he has been in custody since August 1992.

The statement, which is addressed to the Latvian president, the Saeima, and the Supreme Court, was submitted by Oleg Shenin, a participant in the August coup who is now chairman of the Union of Communist Parties-CPSU. Submitting the document, he expressed his anxiety over the sentence's influence on the future development of political processes in Latvia. At the same time, Shenin's communists are calling for Rubiks to be released from prison.

Ministers Regain Money From Failed Bank

WS0308142995 Tallinn BNS in English 1316 GMT 3 Aug 95

[FBIS Transcribed Text] Riga, Aug 3, BNS — The prime minister and the former finance minister regained their money from accounts at Banka Baltija after it had already stopped all operations, Latvian radio quoted MP Joachim Siegerist as saying.

Siegerist told electors in the city of Valmiera Wednesday [2 August] that he received the information about Maris Gailis and Andris Piebalgs from bank officials.

Siegerist said he sent "a confidencial and personal" letter July 31 to the premier asking for comment to the allegations that he withdrew money from frozen accounts in May.

The prime minister's spokesman has assessed the letter in public as "outrageous lie" and noted that Gailis last money withdrawal was March 1.

"The 6th Saeima (parliament) election close at hand, political opponents make use of all possible means of blackmail they can to hamper normal work of the government and discredit its head," the premier's press office said in a statement.

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